UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended December 31, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-41808

SR Bancorp, Inc.

(Exact Name of Registrant as Specified in its Charter)

Maryland	**92-2601722**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
220 West Union Avenue **Bound Brook, New Jersey**	**08805**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (732) 560-1700

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	SRBK	The Nasdaq Stock Market, LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☒		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of February 10, 2026, the registrant had 8,335,468 shares of common stock, $0.01 par value per share, outstanding.

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PART I—FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements (unaudited).

SR Bancorp, Inc. and Subsidiaries

Consolidated Statements of Financial Condition
December 31, 2025 (Unaudited) and June 30, 2025
(In thousands, except for share data)

	December 31, 2025	June 30, 2025
Assets		
Cash and due from banks	$ 3,932	$ 3,945
Interest-bearing deposits at other banks	77,910	53,834
Total cash and cash equivalents	81,842	57,779
Securities held-to-maturity, at amortized cost	140,805	141,845
Equity securities, at fair value	33	37
Loans receivable, net of allowance for credit losses of $5,582 and $5,362, respectively	835,367	797,166
Premises and equipment, net	5,039	4,942
Right-of-use asset	2,743	3,156
Restricted equity securities, at cost	3,508	2,608
Accrued interest receivable	3,201	3,072
Bank owned life insurance	37,139	36,607
Goodwill and intangible assets	26,094	26,708
Other assets	7,190	10,485
Total assets	$ 1,142,961	$ 1,084,405
Liabilities and Equity		
Liabilities		
Deposits:		
Noninterest-bearing	$ 121,715	$ 114,107
Interest-bearing	769,825	731,915
Total deposits	891,540	846,022
Borrowings	50,000	30,000
Advance payments by borrowers for taxes and insurance	8,334	8,736
Accrued interest payable	205	223
Lease liability	2,785	3,211
Other liabilities	1,646	2,433
Total liabilities	954,510	890,625
Equity		
Preferred Stock, $0.01 par value, 5,000,000 shares authorized, none issued	—	—
Common stock, $0.01 par value, 50,000,000 authorized; 8,432,990 and 8,875,170 shares issued and outstanding as of December 31, 2025, and June 30, 2025, respectively	84	89
Additional paid-in capital	74,429	80,843
Retained earnings	121,243	120,505
Unearned compensation ESOP	(6,465)	(6,655)
Accumulated other comprehensive loss	(840)	(1,002)
Total stockholders' equity	188,451	193,780
Total liabilities and stockholders' equity	$ 1,142,961	$ 1,084,405

The accompanying notes are an integral part of these consolidated financial statements

SR Bancorp, Inc. and Subsidiaries

Consolidated Statements of Income

For the Three and Six Months Ended December 31, 2025 and 2024

(In thousands, except for share data, unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2025	2024	2025	2024
Interest Income				
Loans, including fees	$ 11,295	$ 10,438	$ 22,191	$ 20,724
Securities:				
Taxable	534	586	1,118	1,247
Interest bearing deposits at other banks	481	521	936	1,041
Total interest income	12,310	11,545	24,245	23,012
Interest Expense				
Deposits:				
Demand	1,717	1,243	3,282	2,168
Savings and time	2,398	2,768	4,793	5,552
Borrowings	404	295	783	459
Total interest expense	4,519	4,306	8,858	8,179
Net Interest Income	7,791	7,239	15,387	14,833
Provision (Credit) for Credit Losses	49	12	221	(142)
Net Interest Income After Provision (Credit) for Credit Losses	7,742	7,227	15,166	14,975
Noninterest Income				
Service charges and fees	224	256	454	552
Increase in cash surrender value of bank owned life insurance	268	264	533	524
Fees and service charges on loans	23	37	55	93
Unrealized (loss) gain on equity securities	(1)	3	(4)	5
Realized gain on sale of loans	17	28	17	51
Other	50	39	91	54
Total noninterest income	581	627	1,146	1,279
Noninterest Expense				
Salaries and employee benefits	3,924	3,366	7,776	6,606
Occupancy	531	492	1,067	1,124
Furniture and equipment	312	285	665	578
Data Processing	508	461	1,049	1,089
Advertising	112	85	242	167
FDIC premiums	120	120	240	240
Directors fees	101	101	198	194
Professional fees	508	467	945	956
Insurance	117	159	250	318
Telephone, postage and supplies	167	191	369	372
Other	835	782	1,528	1,535
Total noninterest expense	7,235	6,509	14,329	13,179
Income Before Income Tax Expense	1,088	1,345	1,983	3,075
Income Tax Expense	254	324	456	687
Net Income	$ 834	$ 1,021	$ 1,527	$ 2,388
Basic earnings per share	$ 0.11	$ 0.12	$ 0.20	$ 0.27
Diluted earnings per share	$ 0.11	$ 0.12	$ 0.20	$ 0.27
Weighted average number of common shares outstanding - basic	7,583,888	8,588,096	7,714,559	8,696,412
Weighted average number of common shares outstanding - diluted	7,694,569	8,590,981	7,810,512	8,697,854

The accompanying notes are an integral part of these consolidated financial statements

SR Bancorp, Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income
For the Three and Six Months Ended December 31, 2025 and 2024
(In thousands, unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2025	2024	2025	2024
Net Income	$ 834	$ 1,021	$ 1,527	$ 2,388
Other Comprehensive Income				
Change in defined pension plan for unrealized actuarial gains (losses) net of income tax (expense) benefit of $50, $149, $(63) and $18, respectively	(127)	(382)	162	(45)
Total other comprehensive (loss) income	(127)	(382)	162	(45)
Total comprehensive income	$ 707	$ 639	$ 1,689	$ 2,343

The accompanying notes are an integral part of these consolidated financial statements

SR Bancorp, Inc. and Subsidiaries

Consolidated Statements of Changes in Stockholders' Equity
For the Three and Six Months Ended December 31, 2025 and 2024
(In thousands, except for share data, unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid in Capital	Retained Earnings	Unearned ESOP Compensation	Accumulated Other Comprehensive Loss	Total
Balance, September 30, 2025	**8,676,860**	**$ 87**	**$ 78,321**	**$ 120,798**	**$ (6,560)**	**$ (713)**	**$ 191,933**
Net income	—	—	—	834	—	—	834
Other comprehensive income, net of tax	—	—	—	—	—	(127)	(127)
Repurchase of common shares	(267,392)	(3)	(4,302)	—	—	—	(4,305)
Cash dividends declared on common stock, $0.05 per share	—	—	—	(389)	—	—	(389)
ESOP shares earned, 9,508 shares	—	—	51	—	95	—	146
Stock-based compensation	—	—	359	—	—	—	359
Restricted stock awards issued	23,522	—	—	—	—	—	—
Balance, December 31, 2025	**8,432,990**	**84**	**74,429**	**121,243**	**(6,465)**	**(840)**	**188,451**
Balance, June 30, 2025	**8,875,170**	**$ 89**	**$ 80,843**	**$ 120,505**	**$ (6,655)**	**$ (1,002)**	**$ 193,780**
Net income	—	—	—	1,527	—	—	1,527
Other comprehensive income, net of tax	—	—	—	—	—	162	162
Repurchase of common shares	(465,702)	(5)	(7,226)	—	—	—	(7,231)
Cash dividends declared on common stock, $0.05 per share	—	—	—	(789)	—	—	(789)
ESOP shares earned, 19,016 shares	—	—	94	—	190	—	284
Stock-based compensation	—	—	718	—	—	—	718
Restricted stock awards issued	23,522	—	—	—	—	—	—
Balance, December 31, 2025	**8,432,990**	**$ 84**	**$ 74,429**	**$ 121,243**	**$ (6,465)**	**$ (840)**	**$ 188,451**
Balance, September 30, 2024	**9,441,642**	**$ 87**	**$ 90,706**	**$ 117,572**	**$ (6,941)**	**$ (880)**	**$ 200,544**
Net income	—	—	—	1,021	—	—	1,021
Other comprehensive income, net of tax	—	—	—	—	—	(382)	(382)
Repurchase of common shares	(280,769)	5	(3,185)	—	—	—	(3,180)
ESOP shares earned, 9,508 shares	—	—	13	—	95	—	108
Stock-based compensation	—	—	34	—	—	—	34
Restricted stock awards issued	95,075	1	(1)	—	—	—	—
Balance, December 31, 2024	**9,255,948**	**$ 93**	**$ 87,567**	**$ 118,593**	**$ (6,846)**	**$ (1,262)**	**$ 198,145**
Balance, June 30, 2024	**9,507,930**	**$ 95**	**$ 91,436**	**$ 116,205**	**$ (7,036)**	**$ (1,217)**	**$ 199,483**
Net income	—	—	—	2,388	—	—	2,388
Other comprehensive income, net of tax	—	—	—	—	—	(45)	(45)
Repurchase of common shares	(347,057)	(3)	(3,914)	—	—	—	(3,917)
ESOP shares earned, 19,016 shares	—	—	12	—	190	—	202
Stock-based compensation	—	—	34	—	—	—	34
Restricted stock awards issued	95,075	1	(1)	—	—	—	—
Balance, December 31, 2024	**9,255,948**	**$ 93**	**$ 87,567**	**$ 118,593**	**$ (6,846)**	**$ (1,262)**	**$ 198,145**

The accompanying notes are an integral part of these consolidated financial statements

SR Bancorp, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
For the Six Months Ended December 31, 2025 and 2024
(In thousands, except for share data, unaudited)

	Six Months Ended December 31,	
	2025	2024
Cash Flows from Operating Activities		
Net income	$ 1,527	$ 2,388
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision (Credit) for credit losses	221	(142)
Depreciation	473	502
Deferred income tax benefit	21	(18)
Accretion of acquisition fair value adjustments, net	(1,119)	(2,574)
Amortization of core deposit intangible asset	614	753
Net amortization of premiums and discounts on securities	80	106
Net amortization of deferred loan fees, costs and discounts	167	168
Income from cash surrender value of bank owned life insurance	(533)	(524)
Stock-based compensation expense	1,002	236
Unrealized loss (gain) on equity securities	4	(5)
Gain on sale of loans held for sale	(17)	(51)
Proceeds from sales of loans held for sale	2,854	575
Originations of loans held for sale	(2,837)	(524)
(Increase) decrease in:		
Accrued interest receivable	(129)	(179)
Other assets	3,273	1,438
Increase in other liabilities	(787)	(1,792)
Net cash provided by operating activities	4,814	357
Cash Flows from Investing Activities		
Proceeds from maturities, calls and principal repayments of securities held-to-maturity	6,960	7,227
Purchase of securities held-to-maturity	(6,000)	—
Net increase in loans receivable	(37,440)	(41,251)
Purchase of premises and equipment	(570)	(183)
Purchase of restricted equity securities	(900)	(1,350)
Net cash used in investing activities	(37,950)	(35,557)
Cash Flows from Financing Activities		
Net increase in interest bearing deposits	37,880	29,937
Net increase (decrease) in non-interest bearing deposits	7,608	(13,049)
Net decrease in advance payments by borrowers for taxes and insurance	(402)	(254)
Net increase in short-term borrowings	20,000	30,000
Dividend Paid	(835)	—
Repurchase of common stock	(7,052)	(3,917)
Net cash provided by financing activities	57,199	42,717
Net increase in cash and cash equivalents	24,063	7,517
Cash and Cash Equivalents, Beginning of Period	57,779	45,909
Cash and Cash Equivalents, End of Period	$ 81,842	$ 53,426
Supplementary Cash Flow Information		
Cash paid during the period for:		
Interest paid	$ 7,982	$ 7,651
Income taxes paid	—	$ 100

The accompanying notes are an integral part of these consolidated financial statements

1. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying unaudited Consolidated Financial Statements of SR Bancorp, Inc. (the "Company") have been prepared in conformity with generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q. The Consolidated Financial Statements are prepared on an accrual basis and include the accounts of the Company's wholly-owned subsidiary, Somerset Regal Bank (the "Bank") and its wholly-owned subsidiaries Somerset Investment Co. (the "Investment Co."), RB Properties, LLC and Somerset Consumer Service Corp. ("SCS"). All significant intercompany accounts and transactions have been eliminated in consolidation.

The Investment Co. is a special purpose entity subject to the investment company provisions of the New Jersey Corporation Business Tax Act whose activities are limited to holding investment securities and recognizing income and other gains/losses thereon. RB Properties, LLC was formed to own and manage real estate property acquired through foreclosure or in lieu of foreclosure in connection with loans. RB Properties, LLC is currently inactive. SCS was originally formed to sell annuity products and is currently inactive.

The interim Consolidated Financial Statements reflect all adjustments, including normal and recurring accruals, which are, in the opinion of management, considered necessary for a fair presentation of the financial condition and results of operations for the periods presented. The results of operations for the three and six month periods ended December 31, 2025 are not necessarily indicative of the results of operations that may be expected for the full fiscal year or any other period. In preparing the Consolidated Financial Statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statements of financial condition and the results of operations for the periods presented. Actual results could differ from these estimates.

Certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted, pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). These unaudited Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended June 30, 2025.

Business

SR Bancorp, Inc., a Maryland corporation, is the holding company for Somerset Regal Bank. The Bank, which was formed in 1887, serves Essex, Hunterdon, Hudson, Middlesex, Morris, Somerset and Union counties in New Jersey. The Bank is a New Jersey chartered commercial bank subject to the laws and regulations of federal and state agencies. As a locally managed commercial bank, the Bank provides retail and commercial banking services to individuals, businesses and local municipalities through its 14 full-service branch locations.

On September 19, 2023, Somerset Savings Bank, SLA converted from the mutual to stock form of organization at which point, the Company became the holding company for Somerset Regal Bank. On that same date, SR Bancorp, Inc. completed its stock offering. The Company's common stock began trading on the Nasdaq Capital Market under the trading symbol "SRBK" on September 20, 2023. Somerset Regal Bank was formed through the combination of Somerset Savings Bank, SLA and Regal Bank, two New Jersey chartered institutions, on September 19, 2023.

Concentrations of Credit Risk

The Company's lending activity is concentrated in loans secured by real estate located primarily in New Jersey. Credit risk exposure in this area of lending is mitigated by adhering to conservative underwriting practices and policies, and close monitoring of the loan portfolio. The Company does not have any significant concentrations to any one industry or customer.

Note 3 discusses the types of investment securities in which the Company invests. Credit risk as it relates to investment activities is mitigated through the monitoring of ratings. The Company's portfolio consists principally of highly-rated government-sponsored agency securities.

Segment Reporting

Accounting Standards Codification ("ASC") Topic 280, Segment Reporting, establishes standards for the way business enterprises report information about operating segments in annual Consolidated Financial Statements. The Company operates exclusively as a community bank within the "Community Banking" financial services industry. Community Banking encompasses the Company's primary business, which includes providing a wide range of commercial, retail and related banking services. The Company's primary focus within Community Banking is to grow loans using deposits generated by the Company's branches. Our business is generated principally in central and northern New Jersey.

The Company's CEO is the chief operating decision maker who uses consolidated net income to assess performance and profitability of our single business segment. The Company assesses consolidated net income on a monthly basis, including variances to budget and prior period results. Consideration is given to performance of components of the business, such as branches and geographic regions, which are then aggregated. This information is used to achieve strategic initiatives by allowing the chief operation decision maker to manage resources that drive our business and earnings. Additionally, consolidated net income is used to benchmark the Company against its banking peers.

Recently Adopted Accounting Changes

In November 2023, the Financial Accounting Standards Board (the "FASB") issued ASU 2023-07 Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07"). This update requires public entities with reportable segments to provide additional and more detailed disclosures. The Company adopted ASU 2023-07 on June 30, 2025, which did not have a material impact on its Consolidated Financial Statements.

In March 2024, the FASB issued ASU 2024-01 Compensation - Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards ("ASU 2024-01"). This update provides guidance for profits interest and similar awards. The Company adopted ASU 2024-01 on July 1, 2025, which did not have a material impact on its Consolidated Financial Statements.

Accounting Standards Update 2024-02, "Codification Improvements" ("ASU 2024-02"), amends the Codification to remove references to various concept statements and impacts a variety of topics in the Codification. The amendments apply to all reporting entities within the scope of the affected accounting guidance, but in most instances the references removed are extraneous and not required to understand or apply the guidance. Generally, the amendments in ASU 2024-02 are not intended to result in significant accounting changes for most entities. The Company adopted ASU 2024-02 on July 1, 2025, which did not have a material impact on its Consolidated Financial Statements.

Recent Accounting Standards Not Yet Adopted

In December 2023, the FASB issued ASU 2023-09, "*Income Taxes (Topic 740): Improvements to Income Tax Disclosures*". The amendments in this ASU require improved annual income tax disclosures surrounding rate reconciliation, income taxes paid, and other disclosures. This update will be effective for annual financial statements issued for fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact of this standard, which is not expected to have a material impact on our financial statements.

Accounting Standards Update 2024-03, "*Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures*" ("ASU 2024-03"), requires additional expense disclosures by public entities in the notes to the financial statements. ASU 2024-03 outlines the specific costs that are required to be disclosed, which include costs such as: employee compensation, depreciation, intangible asset amortization, selling costs and depreciation. It also requires qualitative descriptions of the amounts remaining in the relevant income statement captions that are not separately disaggregated quantitatively in the notes to the financial statements and the entity's definition of selling expenses. The disclosures are required for each interim and annual reporting period. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026. In January 2025, the FASB issued Accounting

Standards Update 2025-01, "*Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures: Clarifying the Effective Date*" ("ASU 2025-01"), clarifying the interim reporting date when an entity must adopt ASU 2024-03. According to ASU 2025-01, ASU 2024-03 is effective for interim periods within fiscal years beginning after December 15, 2027. The Company is currently evaluating the impact of this standard, which is not expected to have a material impact on our financial statements.

Accounting Standards Update 2025-06, "*Intangible - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*" ("ASU 2025-06") to modernize the accounting for software costs that are accounted for under Subtopic 350-40, Intangibles—Goodwill and Other—Internal-Use Software (referred to as "internal-use software"). The amendments in this Update are effective for all entities for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods. Early adoption is permitted as of the beginning of an annual reporting period. The Company is currently evaluating the impact of this standard, which is not expected to have a material impact on our financial statements.

Subsequent Events

The Company has evaluated subsequent events occurring after December 31, 2025 up to the date these financial statements were issued and filed with the Securities and Exchange Commission and has not identified any subsequent events.

2. Earnings Per Share

Basic earnings per share represents income available to common stockholders divided by the weighted-average number of common shares outstanding. Diluted earnings per share have been calculated in a manner similar to that of basic earnings per share except that weighted-average number of common shares outstanding is increased to include the number of additional common shares that would have been outstanding if all potential dilutive common shares (such as those resulting from the exercise of stock options and unvested restricted stock awards) were issued during the period, computed using the treasury stock method. Unallocated ESOP shares are not deemed outstanding for earnings per share calculations. For the three and six months ended December 31, 2025, there were 605,225 common stock equivalents that were not included in the computation of diluted earnings per share because to do so would be anti-dilutive. Shares where the assumed exercise price is greater than the average market price of the common shares are considered anti-dilutive.

The following table presents the composition of the weighted average common shares used in the earnings per share calculation:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2025	2024	2025	2024
Net income	$ 834	$ 1,021	$ 1,527	$ 2,388
Weighted average number of common shares outstanding	8,534,724	9,319,791	8,672,493	9,411,676
Less: Average unallocated ESOP shares	(651,293)	(689,325)	(656,047)	(694,079)
Less: Average unvested restricted stock awards	(299,543)	(42,370)	(301,887)	(21,185)
Weighted average common shares outstanding used to calculate basic earnings per common share	7,583,888	8,588,096	7,714,559	8,696,412
Add: Dilutive effect of common stock equivalents	110,681	2,885	95,953	1,442
Weighted average common shares outstanding used to calculate diluted earnings per common share	7,694,569	8,590,981	7,810,512	8,697,854
Basic income per common share	$ 0.11	$ 0.12	$ 0.20	$ 0.27
Diluted income per common share	$ 0.11	$ 0.12	$ 0.20	$ 0.27

3. Investment Securities

The Company owned no investment securities available-for-sale at December 31, 2025 or June 30, 2025. The amortized cost and approximate fair value of securities held-to-maturity are as follows at the dates indicated:

	December 31, 2025			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In thousands)			
Federal National Mortgage Association	$ 82,396	$ 4	$ (11,958)	$ 70,442
Federal Home Loan Mortgage Corporation	42,452	2	(5,416)	37,038
Government National Mortgage Association	196	3	—	199
Subordinated Debt	13,750	—	(339)	13,411
CMO	1,811	—	(82)	1,729
Foreign Government Bonds	200	—	—	200
Total	$ 140,805	$ 9	$ (17,795)	$ 123,019

	June 30, 2025			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In thousands)			
Federal National Mortgage Association	$ 86,657	$ 2	$ (14,436)	$ 72,223
Federal Home Loan Mortgage Corporation	45,009	1	(6,488)	38,522
Government National Mortgage Association	218	1	—	219
Subordinated Debt	7,750	—	(609)	7,141
CMO	2,011	—	(121)	1,890
Foreign Government Bonds	200	—	—	200
Total	$ 141,845	$ 4	$ (21,654)	$ 120,195

There were no purchases or sales of available-for sale securities during the three and six months ended December 31, 2025 or 2024.

The amortized cost and fair value of securities held-to-maturity by contractual maturity at December 31, 2025 are shown in the following table. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations. Securities are assigned to categories based on contractual maturity except for mortgage-backed securities and CMOs, which are based on the estimated average life of the securities.

	December 31, 2025	
	Amortized Cost	Fair Value
	(In thousands)	
Due within 1 year	$ 200	$ 200
Due after 1 but within 5 years	—	—
Due after 5 but within 10 years	13,750	13,411
Due after 10 years	—	—
Mortgage-backed securities	126,855	109,408
Total	$ 140,805	$ 123,019

During the three and six months ended December 31, 2025, the Company purchased a $6.0 million fixed-to-floating rate subordinated note at 7.75% per annum for the first five years, which then floats based on a benchmark rate (as defined) for the remaining five years. There were no purchases of securities held-to-maturity during the three and six months ended December 31, 2024.

On a quarterly basis, management evaluates whether there is a credit loss associated with any declines in fair value on its securities portfolio. Management considers the nature of the collateral, default rates, delinquency rates, credit ratings and interest rate changes, among other factors. The Company's held-to-maturity portfolio predominantly consists of mortgage-backed securities issued by the U.S. government and government-sponsored agencies for which management has determined to have a zero expected credit loss. The Company's held-to-maturity portfolio also consists of three investment grade subordinated notes issued by bank holding companies located in New Jersey. At December 31, 2025 and June 30, 2025, the Company had no securities held-to-maturity that were past due 30 days or more with respect to principal or interest payments.

Equity securities consisted of several equity investments in consumer banking and financial services companies. At December 31, 2025 and June 30, 2025, the Company had $33,000 and $37,000, respectively, in equity securities recorded at fair value. The following is a summary of unrealized and realized gains and losses recognized in net income on equity securities for the three and six months ended December 31, 2025 and 2024:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2025	2024	2025	2024
	(In thousands)		*(In thousands)*	
Net (loss) gains recognized on equity securities	$ (1)	$ 3	$ (4)	$ 5
Less: Net gains recognized on equity securities sold/acquired	—	—	—	—
Net unrealized (loss) gains recognized on equity securities	$ (1)	$ 3	$ (4)	$ 5

At December 31, 2025 and June 30, 2025, mortgage-backed securities with a carrying value of approximately $1.6 million and $1.7 million, respectively, were pledged as collateral to secure public funds on deposit. During the three and six months ended December 31, 2025 and 2024, there were no sales of securities held-to-maturity.

4. Loans Receivable

Loans at December 31, 2025 and June 30, 2025 are summarized as follows:

	December 31, 2025	June 30, 2025
	(In thousands)	
Owner occupied commercial real estate loans	$ 51,666	$ 55,127
Other commercial real estate loans	91,616	72,542
Multi-family loans	225,043	219,934
Commercial and industrial loans	15,792	12,253
Total commercial loans	384,117	359,856
Residential mortgage loans	440,100	427,345
Consumer and other loans	14,397	13,038
Total loans	838,614	800,239
Allowance for credit losses	(5,582)	(5,362)
Deferred loan costs, net	2,335	2,289
Loans receivable, net	$ 835,367	$ 797,166

The Company engages primarily in the lending of fixed-rate and adjustable-rate commercial real estate and residential mortgage loans. Lending activities are targeted to individuals within the Company's geographic footprint. Risks associated with lending activities include changes in economic conditions and interest rates, which can adversely impact both the ability of borrowers to repay their loans and the value of the associated collateral. Credit risk exposure is minimized by the evaluation of the creditworthiness of the borrower, including debt-to-income ratios, credit scores and conservative underwriting standards with loan-to-value ratios of generally no more than 75% for commercial loans, 80% for multifamily loans and 80% for residential loans. Residential mortgage loans granted in excess of the 80% loan-to-value ratio criterion generally require private mortgage insurance. The real estate home equity portfolio consists of fixed-rate home equity loans and variable-rate home equity lines of credit. Risks associated with second lien loans secured by residential properties are generally lower than commercial loans

and include general economic risks, such as the strength of the job market, employment stability and the strength of the housing market.

At December 31, 2025 and June 30, 2025, commercial loans represented 45.8% and 45.0% of net loans, respectively, while residential mortgage, consumer and other loans represented 54.2% and 55.0%, respectively, nearly all of which is concentrated within our primary market area in New Jersey. At December 31, 2025 and June 30, 2025, the Company held 95.9% and 96.6%, respectively, of its commercial loan portfolio in commercial real estate, consisting of multi-family, mixed use and owner occupied loans, with less than 2.60% secured by office buildings as of December 31, 2025 and less than 1.0% secured by office buildings as of June 30, 2025. The Company had one non-accrual commercial loan of $176,000 at December 31, 2025 and no non-accrual loans at June 30, 2025.

The following tables summarize the activity in the allowance for credit losses by loan class for the three and six months ended December 31, 2025 and 2024.

	Three Months Ended December 31, 2025						
	Owner Occupied Commercial Real Estate	Other Commercial Real Estate	Multi-Family	Commercial and Industrial	Residential Mortgage	Consumer and Other	Total
				(In thousands)			
Allowance for Credit Losses:							
Beginning balance	$ 637	$ 219	$ 1,857	$ 196	$ 2,376	$ 248	$ 5,533
Charge-offs	—	—	—	—	—	—	—
Recoveries	—	—	—	—	—	—	—
Provisions (credits)	(8)	15	51	(21)	1	11	49
Ending balance	$ 629	$ 234	$ 1,908	$ 175	$ 2,377	$ 259	$ 5,582
Ending balance, Individually evaluated for impairment	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Ending balance, Collectively evaluated for impairment	$ 629	$ 234	$ 1,908	$ 175	$ 2,377	$ 259	$ 5,582
Loans Receivable:							
Ending balance	$ 51,666	$ 91,616	$ 225,043	$ 15,792	$ 440,100	$ 14,397	$ 838,614
Ending balance, Individually evaluated for impairment	$ —	$ —	$ —	$ 176	$ —	$ —	$ 176
Ending balance, Collectively evaluated for impairment	$ 51,666	$ 91,616	$ 225,043	$ 15,616	$ 440,100	$ 14,397	$ 838,438

	Three Months Ended December 31, 2024						
	Owner Occupied Commercial Real Estate	Other Commercial Real Estate	Multi-Family	Commercial and Industrial	Residential Mortgage	Consumer and Other	Total
				(In thousands)			
Allowance for Credit Losses:							
Beginning balance	$ 789	$ 198	$ 1,889	$ 139	$ 1,839	$ 221	$ 5,075
Charge-offs	—	—	—	—	—	—	—
Recoveries	—	—	—	—	—	—	—
Provisions (credits)	(39)	(2)	14	(7)	37	9	12
Ending balance	$ 750	$ 196	$ 1,903	$ 132	$ 1,876	$ 230	$ 5,087
Ending balance, Individually evaluated for impairment	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Ending balance, Collectively evaluated for impairment	$ 750	$ 196	$ 1,903	$ 132	$ 1,876	$ 230	$ 5,087
Loans Receivable:							
Ending balance	$ 56,658	$ 72,388	$ 211,531	$ 11,484	$ 414,403	$ 12,219	$ 778,683
Ending balance, Individually evaluated for impairment	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Ending balance, Collectively evaluated for impairment	$ 56,658	$ 72,388	$ 211,531	$ 11,484	$ 414,403	$ 12,219	$ 778,683

	Six Months Ended December 31, 2025						
	Owner Occupied Commercial Real Estate	Other Commercial Real Estate	Multi-Family	Commercial and Industrial	Residential Mortgage	Consumer and Other	Total
				(In thousands)			
Allowance for Credit Losses:							
Beginning balance	$ 675	$ 179	$ 1,830	$ 135	$ 2,308	$ 235	$ 5,362
Charge-offs	—	—	—	—	—	—	—
Recoveries	—	—	—	—	—	—	—
Provisions (credits)	(46)	55	78	40	70	24	221
Ending balance	$ 629	$ 234	$ 1,908	$ 175	$ 2,377	$ 259	$ 5,582
Ending balance, Individually evaluated for impairment	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Ending balance, Collectively evaluated for impairment	$ 629	$ 234	$ 1,908	$ 175	$ 2,377	$ 259	$ 5,582
Loans Receivable:							
Ending balance	$ 51,666	$ 91,616	$ 225,043	$ 15,792	$ 440,100	$ 14,397	$ 838,614
Ending balance, Individually evaluated for impairment	$ —	$ —	$ —	$ 176	$ —	$ —	$ 176
Ending balance, Collectively evaluated for impairment	$ 51,666	$ 91,616	$ 225,043	$ 15,616	$ 440,100	$ 14,397	$ 838,438

	Six Months Ended December 31, 2024						
	Owner Occupied Commercial Real Estate	Other Commercial Real Estate	Multi-Family	Commercial and Industrial	Residential Mortgage	Consumer and Other	Total
				(In thousands)			
Allowance for Credit Losses:							
Beginning balance	$ 1,331	$ 502	$ 1,998	$ 146	$ 1,175	$ 77	$ 5,229
Charge-offs	—	—	—	—	—	—	—
Recoveries	—	—	—	—	—	—	—
Provisions (credits)	(581)	(306)	(95)	(14)	701	153	(142)
Ending balance	$ 750	$ 196	$ 1,903	$ 132	$ 1,876	$ 230	$ 5,087
Ending balance, Individually evaluated for impairment	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Ending balance, Collectively evaluated for impairment	$ 750	$ 196	$ 1,903	$ 132	$ 1,876	$ 230	$ 5,087
Loans Receivable:							
Ending balance	$ 56,658	$ 72,388	$ 211,531	$ 11,484	$ 414,403	$ 12,219	$ 778,683
Ending balance, Individually evaluated for impairment	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Ending balance, Collectively evaluated for impairment	$ 56,658	$ 72,388	$ 211,531	$ 11,484	$ 414,403	$ 12,219	$ 778,683

The following table presents the credit risk profile of loans by class and fiscal year of origination as of December 31, 2025 and June 30, 2025:

	December 31, 2025							
	2026	2025	2024	2023	2022	Prior	Revolving	Total
	(In thousands)							
Owner Occupied Commercial Real Estate								
Risk Rating								
Pass	$ 797	$ —	$ 6,950	$ 4,984	$ 7,736	$ 31,199	$ —	$ 51,666
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total Owner Occupied Commercial Real Estate	$ 797	$ —	$ 6,950	$ 4,984	$ 7,736	$ 31,199	$ —	$ 51,666
Other Commercial Real Estate								
Risk Rating								
Pass	$ 22,620	$ 6,411	$ 1,350	$ 3,487	$ 902	$ 56,846	$ —	$ 91,616
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total Other Commercial Real Estate	$ 22,620	$ 6,411	$ 1,350	$ 3,487	$ 902	$ 56,846	$ —	$ 91,616
Multi-Family								
Risk Rating								
Pass	$ 11,074	$ 53,047	$ 28,400	$ 25,616	$ 22,153	$ 84,753	$ —	$ 225,043
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total Multi-Family	$ 11,074	$ 53,047	$ 28,400	$ 25,616	$ 22,153	$ 84,753	$ —	$ 225,043
Commercial and Industrial								
Risk Rating								
Pass	$ 5,442	$ 1,374	$ 833	$ 3,075	$ 1,282	$ 3,610	$ —	$ 15,616
Special mention	—	—	—	176	—	—	—	176
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total Commercial and Industrial	$ 5,442	$ 1,374	$ 833	$ 3,251	$ 1,282	$ 3,610	$ —	$ 15,792
Residential Mortgage								
Risk Rating								
Pass	$ 36,204	$ 68,523	$ 58,479	$ 49,202	$ 69,514	$ 158,178	$ —	$ 440,100
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total Residential Mortgage	$ 36,204	$ 68,523	$ 58,479	$ 49,202	$ 69,514	$ 158,178	$ —	$ 440,100
Consumer and Other								
Risk Rating								
Pass	$ 783	$ 767	$ 1,078	$ 333	$ 60	$ 469	$ 10,907	$ 14,397
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total Consumer and Other	$ 783	$ 767	$ 1,078	$ 333	$ 60	$ 469	$ 10,907	$ 14,397
Total Loans								
Pass	$ 76,920	$ 130,122	$ 97,090	$ 86,697	$ 101,647	$ 335,055	$ 10,907	$ 838,438
Special mention	—	—	—	176	—	—	—	176
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total Loans	$ 76,920	$ 130,122	$ 97,090	$ 86,873	$ 101,647	$ 335,055	$ 10,907	$ 838,614
Gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

	June 30, 2025							
	2025	2024	2023	2022	2021	Prior	Revolving	Total
	(In thousands)							
Owner Occupied Commercial Real Estate								
Risk Rating								
Pass	$ —	$ 7,013	$ 6,761	$ 7,897	$ 5,335	$ 28,121	$ —	$ 55,127
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total Owner Occupied Commercial Real Estate	$ —	$ 7,013	$ 6,761	$ 7,897	$ 5,335	$ 28,121	$ —	$ 55,127
Other Commercial Real Estate								
Risk Rating								
Pass	$ 6,451	$ 1,360	$ 3,523	$ 917	$ 1,695	$ 58,596	$ —	$ 72,542
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total Other Commercial Real Estate	$ 6,451	$ 1,360	$ 3,523	$ 917	$ 1,695	$ 58,596	$ —	$ 72,542
Multi-Family								
Risk Rating								
Pass	$ 49,898	$ 28,582	$ 28,305	$ 22,424	$ 13,092	$ 77,633	$ —	$ 219,934
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total Multi-Family	$ 49,898	$ 28,582	$ 28,305	$ 22,424	$ 13,092	$ 77,633	$ —	$ 219,934
Commercial and Industrial								
Risk Rating								
Pass	$ 1,388	$ 883	$ 4,178	$ 2,404	$ 52	$ 3,348	$ —	$ 12,253
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total Commercial and Industrial	$ 1,388	$ 883	$ 4,178	$ 2,404	$ 52	$ 3,348	$ —	$ 12,253
Residential Mortgage								
Risk Rating								
Pass	$ 73,256	$ 61,827	$ 50,561	$ 72,372	$ 66,725	$ 102,604	$ —	$ 427,345
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total Residential Mortgage	$ 73,256	$ 61,827	$ 50,561	$ 72,372	$ 66,725	$ 102,604	$ —	$ 427,345
Consumer and Other								
Risk Rating								
Pass	$ 1,313	$ 1,231	$ 357	$ 730	$ 1,116	$ 1,638	$ 6,653	$ 13,038
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total Consumer and Other	$ 1,313	$ 1,231	$ 357	$ 730	$ 1,116	$ 1,638	$ 6,653	$ 13,038
Total Loans								
Pass	$ 132,306	$ 100,896	$ 93,685	$ 106,744	$ 88,015	$ 271,940	$ 6,653	$ 800,239
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total Loans	$ 132,306	$ 100,896	$ 93,685	$ 106,744	$ 88,015	$ 271,940	$ 6,653	$ 800,239
Gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

As of December 31, 2025 the Company had one commercial and industrial loan in the amount of $176,000 that was considered collateral-dependent and was placed on non-accrual. This loan was fully secured by personal assets of the borrower. In January 2026, full payment was received and no loss was recorded on the payoff. As of June 30, 2025, the Company had no collateral-dependent or non-accrual loans.

The following tables present the classes of loans summarized by past due status as of December 31, 2025 and June 30, 2025:

	December 31, 2025 Delinquency Status						
	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due and Still Accruing Past Due	Non-Accrual	Total Past Due	Total Current	Total
				(In thousands)			
Owner occupied commercial real estate	$ —	$ —	$ —	$ —	$ —	$ 51,666	$ 51,666
Other commercial real estate	—	—	—	—	—	91,616	91,616
Multi-family	—	—	—	—	—	225,043	225,043
Commercial and industrial	—	—	—	176	—	15,616	15,792
Residential mortgage	1,830	102	—	—	1,932	438,168	440,100
Consumer and other	128	—	—	—	128	14,269	14,397
Total	$ 1,958	$ 102	$ —	$ 176	$ 2,060	$ 836,378	$ 838,614

	June 30, 2025 Delinquency Status						
	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due and Still Accruing Past Due	Non-Accrual	Total Past Due	Total Current	Total
				(In thousands)			
Owner occupied commercial real estate	$ —	$ —	$ —	$ —	$ —	$ 55,127	$ 55,127
Other commercial real estate	—	—	—	—	—	72,542	72,542
Multi-family	—	—	—	—	—	219,934	219,934
Commercial and industrial	—	—	—	—	—	12,253	12,253
Residential mortgage	1,467	478	—	—	1,945	425,400	427,345
Consumer and other	67	—	—	—	67	12,971	13,038
Total	$ 1,534	$ 478	$ —	$ —	$ 2,012	$ 798,227	$ 800,239

At December 31, 2025 and June 30, 2025, the Company had no foreclosed real estate owned and there were no loan modifications to borrowers experiencing financial difficulty.

5. Premises and Equipment

Premises and equipment at December 31, 2025 and June 30, 2025 are summarized as follows:

	December 31, 2025	June 30, 2025
	(In thousands)	
Land	$ 926	$ 926
Buildings and leasehold improvements	9,058	9,024
Furniture, fixtures and equipment	6,659	6,123
Total	16,643	16,073
Accumulated depreciation	(11,604)	(11,131)
Net	$ 5,039	$ 4,942

Depreciation expense amounted to $473,000 and $502,000 for the six months ended December 31, 2025 and 2024, respectively.

6. Leases

The Company accounts for its leases in accordance with ASC Topic 842. The Company's right-of-use asset and operating lease liability are recognized at lease commencement based on the present value of the remaining lease payment obligations using discount rates that represent the Company's incremental borrowing rate as of the lease commencement dates. The Company leases only office space and equipment under operating leases, with original lease terms ranging from five to ten years. The Company elected not to include short-term leases with initial terms of twelve months or less on the Consolidated Statements of Financial Condition. As of December 31, 2025, the Company had not entered into any material leases that have not yet commenced. The operating lease agreements recognized on the Consolidated Statements of Financial Condition as a right-of-use asset and a corresponding lease liability, as well as other information related to the Company's operating leases, are summarized in the table below.

	Three Months Ended December 31,		Six Months Ended December 31,	
	2025	2024	2025	2024
	(In thousands)		*(In thousands)*	
Operating lease cost	$ 219	$ 216	$ 438	$ 455
Cash paid for amounts included in the measurement of lease liabilities	$ 213	$ 218	$ 425	$ 451

	December 31, 2025	June 30, 2025
	(In thousands)	
Right-of-use asset	$ 2,743	$ 3,156
Lease liability	$ 2,785	$ 3,211
Weighted-average remaining lease term, in years	3.82	4.23
Weighted-average discount rate	1.50%	1.50%

Future undiscounted minimum lease payments for operating leases with initial terms of one year or more as of December 31, 2025 are as follows:

December 31, 2025	*(Dollars in thousands)*
2026	$ 406
2027	797
2028	695
2029	643
2030	262
Thereafter	62
Total future minimum lease payments	2,865
Less: imputed interest	(80)
Total	$ 2,785

7. Goodwill and Intangible Assets

Goodwill and core deposit intangibles resulted from the Company's acquisition of Regal Bancorp in September 2023, which was accounted for under FASB ASC 805, Business Combinations. As of December 31, 2025, the carrying amount of goodwill was $20.4 million and the carrying amount of the core deposit intangibles, net of accumulated amortization, was $5.7 million. The intangible assets are related to core deposits and are being amortized over 10 years, using an accelerated method.

The changes in the carrying amount of goodwill and core deposit intangibles for the six months ended December 31, 2025 and 2024 are summarized as follows:

	Six Months Ended December 31,	
	2025	2024
	(In thousands)	
Balance at beginning of period	$ 26,708	$ 28,141
Amortization expense	(614)	(753)
Balance at end of period	$ 26,094	$ 27,388

Goodwill and intangible assets at December 31, 2025 and June 30, 2025:

	December 31, 2025	June 30, 2025
	(In thousands)	
Goodwill	$ 20,417	$ 20,417
Core deposit intangibles, net of amortization	5,677	6,291
Goodwill and intangible assets	$ 26,094	$ 26,708

As of December 31, 2025, the amortization of the core deposit intangibles in future fiscal years is as follows:

	Amount
	(In thousands)
2026	$ 554
2027	951
2028	774
2029	657
2030	650
Thereafter	2,091
Total	$ 5,677

8. Deposits

Deposits at December 31, 2025 and June 30, 2025 consisted of the following:

	December 31, 2025	June 30, 2025
	(In thousands)	
Demand accounts:		
Interest-bearing	$ 352,366	$ 319,829
Noninterest-bearing	121,715	114,107
Total demand accounts	474,081	433,936
Savings and club	130,139	143,881
Certificates of deposit	287,320	268,205
Total	$ 891,540	$ 846,022

As of December 31, 2025 and June 30, 2025, the aggregate amount of uninsured deposits (deposits in amounts greater than $250,000, which is the maximum amount for federal deposit insurance) was $172.6 million and $145.3 million, respectively. Certificates of deposit with balances in excess of the Federal Deposit Insurance Corporation (the "FDIC") insurance limit of $250,000 at December 31, 2025 and June 30, 2025 amounted to approximately $72.1 million and $58.9 million, respectively. Uninsured deposits totaling $30.3 million and $31.8 million at December 31, 2025 and June 30, 2025, respectively, of municipalities and local government agencies are protected under a New Jersey supplemental insurance program with collateralized assets.

At December 31, 2025, the scheduled maturities of certificates of deposit are as follows:

		(In thousands)
Year ending December 31, 2026	$	244,646
Year ending December 31, 2027		38,339
Year ending December 31, 2028		2,873
Year ending December 31, 2029		682
Year ending December 31, 2030		780
Total	$	287,320

9. Borrowings

The Company can borrow overnight funds from the Federal Home Loan Bank (the "FHLB") under a redesigned overnight advance program up to the Company's maximum borrowing capacity based on the Company's ability to collateralize such borrowings. At December 31, 2025 and June 30, 2025, the Company's maximum borrowing capacity at the FHLB was $100.0 million.

At December 31, 2025, the Company had advances of $35.0 million and $15.0 million outstanding with the Federal Home Loan Bank of New York at fixed rates of 3.67% and 4.03%, respectively, maturing on September 8, 2027 and February 17, 2026, respectively. At June 30, 2025, the Company had a $30.0 million advance at a fixed rate of 4.42%, which matured on July 7, 2025.

As of December 31, 2025 and June 30, 2025, the Company's Board of Directors had authorized borrowings of up to $25.0 million from the Federal Reserve Bank of New York (the "FRB-NY"), secured by pledges of the Company's qualifying loan portfolio and generally on overnight terms with an interest rate quoted at the time of the borrowing. The Company had no outstanding borrowings from the FRB-NY at December 31, 2025 or June 30, 2025.

10. Commitments and Contingencies

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the statement of financial position.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit is represented by the contractual notional amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

At December 31, 2025, total unfunded loan-related commitments, including lines of credit, amounted to $68.4 million, comprised of $43.3 million for unused equity lines of credit and $25.1 million to originate and purchase loans, expiring within three months.

At June 30, 2025, total unfunded loan-related commitments, including lines of credit, amounted to $79.0 million, comprised of $38.0 million for unused equity lines of credit and $41.0 million to originate and purchase loans, expiring within three months.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Company upon extension of credit is based on management's credit evaluation of the counterparty.

A reserve for unfunded commitments is recognized and included in other liabilities on the Consolidated Statements of Financial Condition. Periodic adjustments to either increase or decrease the reserve are recognized in non-interest expense in the Consolidated Statements of Income. The Company recorded $7,000 and $37,000 of expense for the six months ended December 31, 2025 and 2024, respectively. The balance for unfunded commitments was $44,000 at December 31, 2025 and $42,000 at June 30, 2025.

11. Stock-Based Compensation

The Company has several compensation and benefit arrangements involving shares of the Company's stock. Stock-based compensation expense involves the following components for the three and six month periods ended December 31, 2025, and 2024:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2025	2024	2025	2024
	(In thousands)	*(In thousands)*	*(In thousands)*	*(In thousands)*
Fair value of 9,508 and 19,016 shares earned by ESOP participants	$ 146	108	284	202
Stock options	176	17	352	17
Restricted stock awards	183	17	366	17
Total stock-based compensation expense	$ 505	$ 142	$ 1,002	$ 236

On November 20, 2024, the Company adopted the SR Bancorp, Inc. 2024 Equity Incentive Plan ("2024 Equity Plan"). The 2024 Equity Plan authorizes 1,331,110 shares of common stock for equity-based compensation awards including restricted stock awards, restricted stock units, non-qualified stock options, and incentive stock options. As of December 31, 2025, there were 183,959 shares available for future grants.

Stock Options

On November 21, 2024, the stockholders of the Company granted 237,695 stock options to non-employee directors. On January 29, 2025 and February 5, 2025, the Company granted 465,889 and 57,009, respectively, of stock options to certain officers and employees of the Company. On December 17, 2025, the Company granted 58,805 shares to certain executive officers. The stock option grants have a contractual term of 10 years. The stock options vest in equal annual installments over a five-year period beginning on the first anniversary of the date of grant. The fair value of each option grant was estimated on the date of grant using the Black-Scholes option pricing model.

The following table sets forth information regarding options granted December 17, 2025:

Date of grant		December 17, 2025
Options granted		58,805
Exercise Price	$	16.55
Vesting period (years)		5.00
Expiration date		December 17, 2035
Expected Volatility[(1)]		28.70%
Expected term (years)[(2)]		6.50
Expected dividend yield[(3)]		1.44%
Forfeiture rate		0.00%
Risk free rate of return[(4)]		3.91%
Fair value per option	$	5.18

The following table represents stock option activities for the six months ended December 31, 2025, and 2024, respectively:

	Six Months Ended December 31, 2025			
	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
		(In thousands)		
Balance at beginning of period	760,593	$ 12.03	—	$ —
Granted	58,805	16.55	—	—
Exercised	—	—	—	—
Forfeited or expired	—	—	—	—
Balance at end of period	819,398	$ 12.36	9.09	$ 2,819
Exercisable at end of period	47,540	$ 11.04	8.90	$ 223

	Six Months Ended December 31, 2024			
	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
		(In thousands)		
Balance at beginning of period	—	$ —	—	$ —
Granted	237,695	11.04	—	—
Exercised	—	—	—	—
Forfeited or expired	—	—	—	—
Balance at end of period	237,695	$ 11.04	9.89	$ 207
Exercisable at end of period	—	$ —	—	$ —

The aggregate intrinsic values in the preceding tables represent the pre-tax intrinsic values calculated by multiplying the number of in the-money shares by the difference between the Company's closing stock price on the last trading day of the current reporting period and the exercise price.

Restricted Stock Awards

On November 21, 2024, the Company granted 95,075 restricted stock awards to non-employee directors. On January 29, 2025 and February 5, 2025, the Company granted 186,356 and 22,800, respectively, of restricted stock awards to certain officers and employees. The restricted stock awards vest in equal annual installments over a five-year period beginning on the first anniversary of the date of grant. The restricted stock awards are measured based on grant-date fair value, which reflects the closing price of the Company's stock on the date of grant.

The following table represents information regarding restricted stock award activities for the six months ended December 31, 2025, and 2024, respectively:

	Six Months Ended December 31, 2025		Six Months Ended December 31, 2024	
	Number of Shares	Weighted-Average Grant Date Fair Value Per Share	Number of Shares	Weighted-Average Grant Date Fair Value Per Share
Balance at beginning of period-non-vested	304,231	$ 12.03	—	$ —
Granted	23,522	16.55	95,075	11.04
Vested	(19,015)	11.04	—	—
Forfeited or expired	—	—	—	—
Balance at end of period-non-vested	308,738	$ 12.44	95,075	$ 11.04

The following table sets forth the total compensation cost related to non-vested awards not yet recognized and the weighted average period (in years) over which it is expected to be recognized as of December 31, 2025:

	Amount	Weighted Average Period (years)
	(In thousands)	
Stock options	$ 3,149	4.12
Restricted stock awards	3,344	4.14
Total	$ 6,493	

12. Regulatory Capital

The Bank is subject to regulatory capital requirements administered by federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Consolidated Financial Statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of its assets, liabilities and certain off-balance sheet items calculated under regulatory accounting practices. The capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk-weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the maintenance of minimum amounts and ratios (set forth in the following table) of total capital, Tier 1 capital (as defined in the regulations) and common equity Tier 1 capital to risk-weighted assets, and of Tier 1 capital to average assets. A capital conservation buffer of 2.50%, comprised of common equity Tier I capital, is also established above the regulatory minimum capital requirements and must be maintained to avoid limitations on capital distributions.

In 2021, the Bank adopted the new community bank leverage ratio framework. This framework simplifies the regulatory capital requirements by requiring the Bank to meet only the Tier 1 capital to average assets (leverage) ratio. The Bank must only maintain a leverage ratio greater than the 9.0% required minimum to be considered well capitalized under this framework. The Bank can opt out of the new framework and return to the risk-weighting framework at any time.

Market risk, credit risk, operational risk and deposit outflows are some of the factors that can impact the capital adequacy ratio and in turn, adversely affect the performance of the Bank. As of December 31, 2025, the Bank met all capital adequacy requirements to which it is subject. As of December 31, 2025, the most recent notification from the FDIC categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, an institution must maintain minimum ratios as set forth in the following tables. There are no conditions or events since that notification that management believes have changed the Bank's category. The Bank's actual capital amounts and ratios are as follows:

	Actual		To be Well Capitalized under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio
	(In thousands)			
December 31, 2025				
Tier 1 capital (to average total assets)	$ 159,779	14.85%	$ 96,827	9.00%
June 30, 2025:				
Tier 1 capital (to average total assets)	$ 162,261	15.51%	$ 94,167	9.00%

13. Fair Value Measurements and Disclosures

The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Additionally, from time to time, the Company may be required to record at fair value other assets or liabilities on a non-recurring basis. These non-recurring fair value adjustments involve the application of lower-of-cost-or-market accounting or write-downs of individual assets.

FASB ASC 820, *Fair Value Measurements and Disclosures*, defines fair value as an exit price representing the amount that would be received to sell an asset or settle a liability in an orderly transaction between market participants. A three-level hierarchy has been established for fair value measurements based upon the inputs to the valuation of an asset or liability.

Level 1 - Valuation is based on quoted prices in active markets for identical assets or liabilities;

Level 2 - Valuation is determined from quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument;

Level 3 - Valuation is derived from model-based and other techniques in which at least one significant input is unobservable and which may be based on the Company's own estimates about the assumptions that a market participant would use to value the asset or liability.

For financial assets measured at fair value on a recurring basis as of December 31, 2025 and June 30, 2025, the fair value measurements by level within the fair value hierarchy used are as follows:

	December 31, 2025			
Description	**(Level 1)**	**(Level 2)**	**(Level 3)**	**Total**
	(In thousands)			
Equity securities	33	—	—	33
Total	$ 33	$ —	$ —	$ 33

	June 30, 2025			
Description	**(Level 1)**	**(Level 2)**	**(Level 3)**	**Total**
	(In thousands)			
Equity securities	37	—	—	37
Total	$ 37	$ —	$ —	$ 37

The classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

Equity securities are measured at fair value using quoted market prices in an active market for identical assets and are classified as Level 1 in the hierarchy. The estimated fair values of equity securities are determined by obtaining quoted prices on nationally recognized exchanges (Level 1 inputs).

There were no transfers between levels within the fair value hierarchy during the six months ended December 31, 2025 and 2024.

Financial Assets Measured at Fair Value on a Nonrecurring Basis

There were no financial assets measured at fair value on a nonrecurring basis at at December 31, 2025 and June 30, 2025.

Fair Value of Financial Instruments not Carried at Fair Value

The Company discloses fair value information about financial assets, whether or not recognized in the statements of financial condition, for which it is practicable to estimate that value. The fair value of financial assets that are not measured at fair value in the financial statements were based on the exit price notion. The following estimated fair value amounts have been determined using available market information and appropriate valuation methodologies. However, the estimates below are not necessarily indicative of amounts that could be realized in the marketplace. The use of different market assumptions or valuation methodologies may have a material effect on the estimated fair value amounts.

For financial assets measured at fair value on a nonrecurring basis, the fair value measurements by level within the fair value hierarchy used at December 31, 2025 and June 30, 2025 were as follows:

	December 31, 2025				
Description	**Carrying Value**	**Fair Value**	**(Level 1)**	**(Level 2)**	**(Level 3)**
			(In thousands)		
Financial Assets:					
Cash and cash equivalents	$ 81,842	$ 81,842	$ 81,842	$ —	$ —
Securities held-to-maturity, at amortized cost	140,805	123,019	—	123,019	—
Restricted equity securities, at cost	3,508	3,508	—	3,508	—
Loans receivable, net	835,367	823,823	—	—	823,823
Accrued interest receivable	3,201	3,201	—	3,201	—
Financial Liabilities:					
Deposits	891,540	802,833	516,282	286,551	—
Borrowings	50,000	50,070	50,070	—	—

	June 30, 2025				
Description	**Carrying Value**	**Fair Value**	**(Level 1)**	**(Level 2)**	**(Level 3)**
			(In thousands)		
Financial Assets:					
Cash and cash equivalents	$ 57,779	$ 57,779	$ 57,779	$ —	$ —
Securities held-to-maturity, at amortized cost	141,845	120,195	—	120,195	—
Restricted equity securities, at cost	2,608	2,608	—	2,608	—
Loans receivable, net	797,166	770,473	—	—	770,473
Accrued interest receivable	3,072	3,072	—	3,072	—
Financial Liabilities:					
Deposits	846,022	764,094	—	764,094	—
Borrowings	30,000	30,000	30,000	—	—

Securities Held-to-Maturity

All debt securities are measured at fair value using matrix pricing, which is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted market prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted prices and are classified as Level 2 in the hierarchy.

Loans

The fair values of performing loans was estimated by segregating the portfolio into its primary loan categories—owner occupied commercial real estate, other commercial real estate, multi-family, commercial and industrial, residential and consumer. These categories were further disaggregated based upon significant financial characteristics such as type of interest rate (fixed/variable). The Company discounts the contractual cash flows for each loan category using market interest rates for loans with similar terms to borrowers of similar quality and incorporates estimates of future loan prepayments.

Deposits

The fair value of deposits with no defined maturities (e.g. demand deposits, interest-bearing demand accounts, money market accounts and savings accounts) is the amount payable on demand of the liabilities at the reporting date (i.e. their carrying amounts). This approach to estimating fair value excludes the significant benefit that results from the low-cost funding provided by such deposit liabilities, as compared to alternative sources of funding. Deposits with stated maturities (time deposits) have been valued using the present value of cash flows discounted at rates approximating the current market for similar deposits.

Borrowed Funds

The fair value of federal funds purchased is equal to the amount borrowed. The fair value of FRB-NY or FHLB advances represents contractual repayments discounted using interest rates currently available for borrowings with similar characteristics and remaining maturities. The discount rates used are representative of approximate rates currently offered on borrowings with similar characteristics and maturities.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following management discussion and analysis of the Company's consolidated financial condition as of December 31, 2025 and the results of operations for the three and six months ended December 31, 2025 and 2024 should be read in conjunction with the Consolidated audited Financial Statements, including notes thereto, and the other information therein included in the Company's Annual Report on Form 10-K for the year ended June 30, 2025, as filed with the Securities and Exchange Commission, and in conjunction with the Consolidated Statements of Financial Condition as of December 31, 2025, the Consolidated Statements of Income, the Consolidated Statements of Comprehensive Income, the Consolidated Statements of Changes in Stockholders' Equity and the Consolidated Statements of Cash Flows for the six months ended December 31, 2025 and 2024. The Consolidated Statement of Financial Condition as of June 30, 2025 was derived from the audited Consolidated Statements of Financial Condition that was included in the Company's Annual Report on Form 10-K for the year ended June 30, 2025. As used in this Quarterly Report on Form 10-Q, "we," "us," "our," and the "Company" refer to SR Bancorp, Inc., and its consolidated subsidiaries, unless otherwise noted.

Forward-Looking Statements

This quarterly report contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, which can be identified by the use of words such as "estimate," "project," "believe," "intend," "anticipate," "assume," "plan," "seek," "expect," "will," "may," "should," "indicate," "would," "believe," "contemplate," "continue," "target" and words of similar meaning. These forward-looking statements include, but are not limited to:

- statements of our goals, intentions and expectations;
- statements regarding our business plans, prospects, financial condition and performance, growth and operating strategies;
- statements regarding the quality of our loan and investment portfolios; and
- estimates of our risks and future costs and benefits.

These forward-looking statements are based on our current beliefs and expectations and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. We are under no duty to and do not take any obligation to update any forward-looking statements after the date of this report.

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

- general economic conditions, either nationally or in our market areas, that are worse than expected, including potential recessionary conditions;
- inflation and changes in the interest rate environment that reduce our margins and yields, the fair value of financial instruments or our level of loan originations, and/or increase the level of defaults, losses and prepayments on loans we have made and make;
- changes in the level and direction of loan delinquencies and write-offs and changes in estimates of and the methodology calculating the adequacy of the allowance for credit losses;
- our ability to access cost-effective funding;
- changes in liquidity, including the size and composition of our deposit portfolio and the percentage of uninsured deposits in the portfolio;
- fluctuations in real estate values and both residential and commercial real estate market conditions;
- demand for loans and deposits in our market area;
- our ability to implement and change our business strategy;

- competition among depository and other financial institutions;
- adverse changes in the securities or secondary mortgage markets;
- changes in laws or government regulations or policies affecting financial institutions, including changes in regulatory fees, capital requirements and insurance premiums or changes in the fiscal or monetary policies of the U.S. Treasury or Board of Governors of the Federal Reserve System;
- the imposition of tariffs or other domestic or international governmental policies and any retaliatory responses;
- the impact of any federal government shutdown;
- changes in the quality or composition of our loan or investment portfolios;
- technological changes that may be more difficult or expensive than expected to implement;
- the failure to maintain current technologies and/or to successfully implement future information technology enhancements;
- the inability of third-party providers to perform as expected;
- a failure or breach of our operational or security systems or infrastructure, including cyberattacks;
- our ability to manage market risk, credit risk and operational risk;
- changes in consumer spending, borrowing and savings habits;
- changes in accounting policies and practices, as may be adopted by the bank regulatory agencies, the Financial Accounting Standards Board, the Securities and Exchange Commission or the Public Company Accounting Oversight Board;
- the current or anticipated impact of military conflict, terrorism or other geopolitical event;
- our ability to retain key employees;
- our compensation expense associated with equity allocated or awarded to our employees; and
- changes in the financial condition, results of operations or future prospects of issuers of securities that we own.

Because of these and a wide variety of other uncertainties, our actual future results may be materially different from the results indicated by these forward-looking statements.

Critical Accounting Policies

Certain of our accounting policies are material to the presentation of our financial condition and results of operation, since they require management to make difficult, complex or subjective judgments, some of which may relate to matters that are inherently uncertain. Estimates associated with these policies are susceptible to material changes as a result of changes in facts and circumstances. Facts and circumstances that could affect these judgments include, but are not limited to, changes noted above in "Forward-Looking Statements." Our significant accounting policies are discussed in detail in Note 1 to our Consolidated Financial Statements included elsewhere in this document.

The JOBS Act contains provisions that, among other things, reduce certain reporting requirements for qualifying public companies. As an “emerging growth company,” we plan to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. Accordingly, our Consolidated Financial Statements may not be comparable to the financial statements of public companies that comply with such new or revised accounting standards.

Management believes our most critical accounting policies, which involve the most complex or subjective decisions or assessments, are the determination of the allowance for credit losses, the assessment of the impairment of goodwill and intangible assets and the valuation of our deferred tax assets.

Allowance for Credit Losses: The allowance for credit losses ("ACL"), calculated in accordance with ASC 326, is deducted from the amortized cost basis of loans. The ACL represents an amount that, in management's judgment, is adequate to absorb the lifetime expected credit losses that may be experienced on outstanding loans based on the evaluation of the size and current risk characteristics of the loan portfolio, past events, current conditions, reasonable and supportable forecasts of economic conditions and prepayment experience. The allowance for credit losses is measured and recorded upon the initial recognition of a financial asset. Determination of the adequacy of the allowance is inherently complex and requires the use of significant and highly subjective estimates. Loans are charged-off against the allowance when deemed uncollectible by management. Adjustments to the allowance are reported on our income statement as a component of the provision for credit losses.

In calculating the allowance for credit losses, loans are segmented into pools based upon similar characteristics and risk profiles. Common characteristics and risk profiles include the type of loan, underlying collateral, geographical similarity and historical or expected credit loss patterns. The Company applies two methodologies to estimate the allowance on its pooled portfolio segments: a cohort method based on common characteristics and the weighted average remaining life method. The models related to these methodologies utilize the Company's historical default and loss experience adjusted for future economic forecasts. The reasonable and supportable forecast period represents a one-year economic outlook for the applicable economic variables.

In some cases, management may determine that an individual loan exhibits unique risk characteristics that differentiate the loan from other loans within our loan pools. In such cases, the loans are evaluated for expected credit losses on an individual basis and excluded from the collective evaluation. Specific allocations of the allowance for credit losses are determined by analyzing, among other things, the borrower's ability to repay amounts owed, collateral deficiencies, the relative risk rating of the loan and economic conditions affecting the borrower.

Management qualitatively adjusts model results for risk factors that are not considered within our modeling processes but are nonetheless relevant in assessing the expected credit losses within our loan pools. These qualitative factor adjustments may increase or decrease management's estimate of expected credit losses by a calculated percentage or amount based upon the estimated level of risk. The various risks that may be considered in making qualitative factor adjustments include, among other things: the impact of changes in lending policies and procedures, including changes in underwriting standards and practices for collections; write-offs, and recoveries; actual and expected changes in national, regional, and local economic and business conditions and developments that affect the collectability of the loan pools; changes in the composition and size of the loan portfolio and in the terms of the underlying loans; changes in the experience, ability, and depth of our lending management and staff; changes in amount and severity of past due and nonaccrual assets; changes to the quality of our internal loan review system; the existence, growth, and effect of any concentrations of credit; and regulatory, legal and environmental events. Management believes it uses relevant information available to make determinations about the allowance and that it has established the existing allowance in accordance with GAAP. However, the determination of the allowance requires significant judgment, and estimates of expected lifetime losses in the loan portfolio can vary significantly from the amounts actually observed. While management uses available information to recognize expected losses, future additions to the allowance may be necessary based on changes in the loans comprising the portfolio, changes in the current and forecasted economic conditions, changes to the interest rate environment and changes in the financial condition of borrowers.

Goodwill and Other Intangible Assets: Our intangible assets consist of goodwill and core deposit intangibles. The initial recording of goodwill and other intangible assets requires subjective judgments concerning estimates of the fair value of the acquired assets and assumed liabilities. Goodwill is not amortized but is subject to annual tests for impairment, or more often if events or circumstances indicate it may be impaired. We may elect to perform a qualitative assessment as a part of the annual impairment test if the qualitative assessment indicates it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then goodwill is impaired and written down to its estimated fair value. If the estimated fair value of the reporting unit less than the carrying value, then goodwill is impaired and is written down to its estimated fair value.

During the year ended June 30, 2025, we performed a qualitative assessment of goodwill. Based on that assessment, we determined that it was more likely than not that the reporting unit's fair value was not less than its carrying amount. We concluded that our goodwill was not impaired as of June 30, 2025. As of December 31, 2025, no triggering events were identified and therefore, we did not perform an interim impairment evaluation.

Core deposit intangibles are amortized on an accelerated basis using an estimated life of ten years. The core deposit intangibles are evaluated annually for impairment in accordance with GAAP. An impairment loss will be recognized if the carrying amount of the intangible asset is not recoverable and exceeds fair value. The carrying amount of the intangible asset is not considered recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use of the asset.

Deferred Tax Assets: Income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The measurement of deferred tax assets is reduced by a valuation allowance for the amount of the deferred tax asset that is more likely than not to be realized.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.

We recognize interest and/or penalties related to income tax matters in other operating expenses.

Comparison of Financial Condition at December 31, 2025 and June 30, 2025

Total Assets. Total assets increased $58.6 million, or 5.4%, to $1.14 billion at December 31, 2025 from $1.08 billion at June 30, 2025. The increase was driven by new loan originations, resulting in a net increase of $38.2 million in loans receivable, as well as an increase in cash and cash equivalents of $24.1 million primarily due to an increase in deposits and borrowings.

Cash and Cash Equivalents. Cash and cash equivalents increased $24.1 million, or 41.6%, to $81.8 million at December 31, 2025 from $57.8 million at June 30, 2025 due to an increase in deposits and borrowings from the Federal Home Loan Bank of New York.

Securities. Securities held-to-maturity decreased $1.0 million, or 0.7%, to $140.8 million at December 31, 2025 from $141.8 million at June 30, 2025. The decrease was primarily due to principal repayments and maturities, partially offset by the purchase of a $6.0 million subordinated note.

Loans. Loans receivable, net, increased $38.2 million, or 4.8%, to $835.4 million at December 31, 2025 from $797.2 million at June 30, 2025, driven by commercial loan growth of $24.2 million, residential mortgage loan growth of $12.7 million and consumer loan growth of $1.3 million as a result of strong market demand.

Bank Owned Life Insurance. Bank owned life insurance increased $532,000, or 1.5%, to $37.1 million at December 31, 2025 from $36.6 million at June 30, 2025 due to an increase in the cash surrender value of the underlying assets.

Goodwill and Intangible Assets. Goodwill and the core deposit intangible asset recognized from the acquisition of Regal Bancorp in September 2023 totaled $26.1 million at December 31, 2025 compared to $26.7 million at June 30, 2025. The decrease was due to the amortization of the core deposit intangible asset.

Total Liabilities. Total liabilities increased $63.9 million, or 7.2%, to $954.5 million at December 31, 2025 from $890.6 million at June 30, 2025. The increase was primarily due to a $45.5 million increase in deposits and a $20.0 million increase in borrowings from the Federal Home Loan Bank of New York.

Deposits. Deposits increased $45.5 million, or 5.4%, to $891.5 million at December 31, 2025 from $846.0 million at June 30, 2025. Increases in interest-bearing deposit accounts resulted from the Bank having raised rates on time deposit accounts in an effort to remain competitive in the market area. At December 31, 2025, $121.7 million, or 13.7%, of total deposits consisted of noninterest-bearing deposits.

Borrowings. At June 30, 2025, the Company had a $30.0 million advance at a fixed rate of 4.42%, which matured on July 7, 2025. During the six months ended December 31, 2025, the Bank borrowed an additional $20.0 million from the Federal Home Loan Bank of New York to provide additional liquidity to fund new loans. At December 31, 2025 and 2024, the Bank had $50.0 million and $30.0 million in outstanding borrowings, respectively.

Total Equity. Total equity decreased $5.3 million, or 2.8%, to $188.5 million at December 31, 2025 from $193.8 million at June 30, 2025. The decrease was primarily due to the repurchase of 465,702 shares of common stock at a cost of $7.1 million, partially offset by net earnings of $1.5 million.

Lending Activities

We offer a variety of loans, including residential, commercial real estate, multi-family, commercial and industrial and consumer loans. Historically, a significant portion of our loan portfolio was concentrated in residential loans. The acquisition of Regal Bancorp in September 2023 greatly expanded our commercial loan portfolio and commercial lending capabilities. At December 31, 2025, residential mortgage loans comprised 52.5% of our total loan portfolio and commercial loans comprised 45.8%, which consisted largely of multi-family loans.

In the future, we intend to continue to concentrate on ways to compete for a greater share of commercial loan originations in our primary market area.

Loan Portfolio Composition. The following table sets forth the composition of our loan portfolio by type of loan at the dates indicated.

	December 31, 2025		June 30, 2025	
	Amount	Percent	Amount	Percent
	(In thousands)			
Owner occupied commercial real estate loans	$ 51,666	6.16%	$ 55,127	6.89%
Other commercial real estate loans	91,616	10.92%	72,542	9.07%
Multi-family loans	225,043	26.84%	219,934	27.48%
Commercial and industrial loans	15,792	1.88%	12,253	1.53%
Total commercial loans	384,117	45.80%	359,856	44.97%
Residential mortgage loans	440,100	52.48%	427,345	53.40%
Consumer and other loans	14,397	1.72%	13,038	1.63%
Total loans	838,614	100.00%	800,239	100.00%
Allowance for credit losses	(5,582)		(5,362)	
Net deferred loan origination fees	2,335		2,289	
Loans, net	$ 835,367		$ 797,166	

Contractual Maturities. The following tables set forth the contractual maturities of our total loan portfolio at December 31, 2025. Demand loans, loans having no stated repayment schedule or maturity, and overdraft loans are reported as being due in one year or less. The tables present contractual maturities and do not reflect repricing or the effect of prepayments. Actual maturities may differ.

	Owner Occupied Commercial Real Estate	Other Commercial Real Estate	Multi-Family	Commercial and Industrial	Residential Mortgage	Consumer and Other	Total
				(In thousands)			
Amounts due in:							
One year or less	$ 18	$ 1,045	$ 3,613	$ 2,137	$ 263	$ 7,891	$ 14,967
After one through five years	705	4,467	20,946	9,260	7,456	754	43,588
After five through 15 years	15,257	30,181	74,474	2,189	70,137	4,883	197,121
More than 15 years	35,686	55,923	126,010	2,206	362,244	869	582,938
Total	$ 51,666	$ 91,616	$ 225,043	$ 15,792	$ 440,100	$ 14,397	$ 838,614

Fixed Versus Adjustable-Rate Loans. The following tables set forth our fixed and adjustable-rate loans at December 31, 2025 that are contractually due after December 31, 2026.

	Due After December 31, 2026		
	Fixed	Adjustable	Total
		(In thousands)	
Owner occupied commercial real estate loans	$ —	$ 51,648	$ 51,648
Other commercial real estate loans	—	90,571	90,571
Multi-family loans	—	221,430	221,430
Commercial and industrial loans	—	13,655	13,655
Total commercial loans	$ —	$ 377,304	$ 377,304
Residential mortgage loans	330,657	109,180	439,837
Consumer and other loans	3,450	3,056	6,506
Total loans	$ 334,107	$ 489,540	$ 823,647

Non-Performing and Problem Assets

When a loan is 15 days past due, we send the borrower a late charge notice. If the loan delinquency is not corrected, other forms of collections are implemented, including telephone calls and collection letters. We attempt personal, direct contact with the borrower to determine the reason for the delinquency, to ensure that the borrower understands the terms of the loan and to emphasize the importance of making timely payments. If necessary, subsequent late charges and delinquency notices are issued and the account will be monitored on a regular basis thereafter. By the 90th day of delinquency, we will send the borrower a final demand for payment, after which we may refer the loan to legal counsel to commence foreclosure proceedings. Any of our loan officers can shorten these time frames in consultation with the senior lending officer.

Generally, loans are placed on non-accrual status when payment of principal or interest is 90 days or more delinquent unless the loan is considered well-secured and in the process of collection. Loans are also placed on non-accrual status if collection of principal or interest in full is in doubt. When loans are placed on a non-accrual status, unpaid accrued interest is fully reversed, and further income is recognized only to the extent received. The loan may be returned to accrual status if both principal and interest payments are brought current and factors indicating doubtful collection no longer exist, including performance by the borrower under the loan terms for a six-month period. All monitored loans, including those rated special mention, substandard, doubtful or loss, are reported to the Board of Directors on a quarterly basis. In addition, management presents a quarterly credit loss allowance analysis to our Board of Directors.

The following table sets forth our loan delinquencies by type and amount at the dates indicated.

	December 31, 2025 Delinquency Status						
	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due and Still Accruing Past Due	Non-Accrual	Total Past Due	Total Current	Total
				(In thousands)			
Owner occupied commercial real estate	$ —	$ —	$ —	$ —	$ —	$ 51,666	$ 51,666
Other commercial real estate	—	—	—	—	—	91,616	91,616
Multi-family	—	—	—	—	—	225,043	225,043
Commercial and industrial	—	—	—	176	—	15,616	15,792
Residential mortgage	1,830	102	—	—	1,932	438,168	440,100
Consumer and other	128	—	—	—	128	14,269	14,397
Total	$ 1,958	$ 102	$ —	$ 176	$ 2,060	$ 836,378	$ 838,614

	June 30, 2025 Delinquency Status						
	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due and Still Accruing Past Due	Non-Accrual	Total Past Due	Total Current	Total
				(In thousands)			
Owner occupied commercial real estate	$ —	$ —	$ —	$ —	$ —	$ 55,127	$ 55,127
Other commercial real estate	—	—	—	—	—	72,542	72,542
Multi-family	—	—	—	—	—	219,934	219,934
Commercial and industrial	—	—	—	—	—	12,253	12,253
Residential mortgage	1,467	478	—	—	1,945	425,400	427,345
Consumer and other	67	—	—	—	67	12,971	13,038
Total	$ 1,534	$ 478	$ —	$ —	$ 2,012	$ 798,227	$ 800,239

The Bank had no loan modifications to borrowers experiencing financial difficulty as of December 31, 2025 or June 30, 2025.

Non-Performing Assets. The following table sets forth information regarding our non-performing assets. The Bank had one non-performing asset of $176,000 as of December 31, 2025 and none as of June 30, 2025.

	December 31, 2025	June 30, 2025
	(In thousands)	
Non-accrual loans:		
Residential mortgage loans	$ —	$ —
Commercial loans	176	—
Total non-accrual loans	176	—
Accruing loans past due 90 days or more:		
Residential mortgage loans	—	—
Total non-performing loans	176	—
Real estate owned	—	—
Total non-performing assets	$ 176	$ —
Total non-performing loans to total loans	0.02%	—%
Total non-accrual loans to total loans	0.02%	—%
Total non-performing assets to total assets	—%	—%

Allowance for Credit Losses

Our allowance for credit losses ("ACL") is maintained at a level necessary to absorb the lifetime expected credit losses. Management, in determining the allowance for credit losses, considers historic losses and changes in the nature and volume of loan activities, along with the general economic and real estate market conditions. A description of our methodology in establishing our allowance for credit losses is set forth in the section "*Management's Discussion and Analysis of Financial Condition and Results of Operations of SR Bancorp—Critical Accounting Policies-Allowance for Credit Losses*" in our Form 10-K for the year ended June 30, 2025 and in this Form 10-Q. The allowance for credit losses as of December 31, 2025 and June 30, 2025 were maintained at levels that represent management's best estimate of current expected losses in the loan portfolio. However, this analysis process is inherently subjective, as it requires us to make estimates that are susceptible to revisions as more information becomes available. Although we believe that we have established the allowance at levels to absorb current expected losses, future additions may be necessary if economic or other conditions in the future differ from the current environment.

In addition, as an integral part of their examination process, the Federal Deposit Insurance Corporation and the New Jersey Department of Banking and Insurance have authority to periodically review our allowance for credit losses. Such agencies may require that we recognize additions to the allowance based on their judgments of information available to them at the time of their examination.

Allocation of Allowance for Credit Losses. The following tables set forth the allowance for credit losses allocated by loan category and the percent of the allowance in each category to the total allocated allowance at the dates indicated. The allowance for credit losses allocated to each category is not necessarily indicative of future losses in any particular category and does not restrict the use of the allowance to absorb losses in other categories.

	December 31, 2025			
	ACL	Percent of ACL in Each Category to Total Allocated Allowance	Percent of Loans in Each Category to Total Loans	ACL to Total Loans
		(In thousands)		
Owner occupied commercial real estate loans	$ 629	11.27%	6.16%	0.08%
Other commercial real estate loans	234	4.19	10.92	0.03
Multi-family loans	1,908	34.18	26.84	0.23
Commercial and industrial loans	175	3.14	1.88	0.02
Residential mortgage loans	2,377	42.58	52.48	0.28
Consumer and other loans	259	4.64	1.72	0.03
Total allocated allowance	5,582	100.00%	100.00%	0.67%
Allowance to non-performing loans	—			
Allowance to total loans outstanding at the end of the period	0.67%			
Net (charge-offs) recoveries to average loans outstanding during the period	—			

	June 30, 2025			
	ACL	Percent of ACL in Each Category to Total Allocated Allowance	Percent of Loans in Each Category to Total Loans	ACL to Total Loans
		(In thousands)		
Owner occupied commercial real estate loans	$ 675	12.59%	6.89%	0.08%
Other commercial real estate loans	179	3.34	9.07	0.02
Multi-family loans	1,830	34.13	27.48	0.23
Commercial and industrial loans	135	2.52	1.53	0.02
Residential mortgage loans	2,308	43.04	53.40	0.29
Consumer and other loans	235	4.38	1.63	0.03
Total allocated allowance	5,362	100.00%	100.00%	0.67%
Allowance to non-performing loans	—			
Allowance to total loans outstanding at the end of the period	0.67%			
Net (charge-offs) recoveries to average loans outstanding during the period	—			

Investment Activities

General. The goals of our investment policy are to maximize portfolio yield over the long term in a manner that is consistent with minimizing risk, and to meet liquidity needs, pledging requirements, and asset/liability management and interest rate risk strategies. We monitor the balance of our investment securities portfolio based on loan demand, our asset/liability management and interest rate risk analysis and our liquidity needs.

At December 31, 2025 and June 30, 2025, our investment portfolio consisted entirely of securities held-to-maturity, primarily of securities and obligations issued by U.S. government-sponsored enterprises, subordinated debentures issued by financial institutions in the Mid-Atlantic region, collateralized mortgage obligations and foreign government bonds.

The following table presents the maturity distribution and weighted average yields of our investment securities portfolio on a contractual maturity basis and our residential mortgage-backed securities at December 31, 2025:

	December 31, 2025		
	Held to Maturity		
	Amortized Cost	Fair Value	Weighted Average Yield
		(In thousands)	
Due within one year	$ 200	$ 200	4.40%
Due after one year through five years	—	—	—
Due after five years through ten years	13,750	13,411	5.13%
Due after ten years			
Residential mortgage-backed securities:			
Issued by FNMA and FHLMC	124,848	107,480	1.64%
Issued by GNMA	196	199	5.63%
CMO	1,811	1,729	2.50%
Total	$ 140,805	$ 123,019	2.00%

For additional information regarding our investment securities portfolio, see Note 3 to the Notes to Financial Statements.

Deposit Accounts. Deposits are primarily attracted from within our market area through the offering of a broad selection of deposit instruments, including noninterest-bearing demand deposits (such as checking accounts), interest-bearing demand accounts (such as NOW accounts), savings accounts, money market accounts and certificates of deposit. At December 31, 2025 and June 30, 2025, we held $30.3 million and $31.8 million, respectively, of accounts from a variety of local municipal relationships, which are protected under a New Jersey supplemental insurance program with collateralized assets. At December 31, 2025 and June 30, 2025, we had no brokered deposits.

We also offer a variety of deposit accounts designed for the businesses operating in our market area. Our business banking deposit products include a business checking account designed for small businesses, and savings and money market accounts. We offer bill payment services through our online banking system.

Deposit account terms vary according to the minimum balance required, the time period the funds must remain on deposit and the interest rate, among other factors. In determining the terms of our deposit accounts, we consider the rates offered by our competition, the rates on borrowings, our liquidity needs, our profitability, and customer preferences and concerns. We generally review our deposit mix and pricing weekly. Our deposit pricing strategy has generally been to offer competitive rates on all types of deposit products, and to periodically offer special rates to attract deposits of a specific type or term.

The following table sets forth the distribution of total deposits by account type at the dates indicated.

	December 31, 2025			June 30, 2025		
	Amount	Percent	Average Rate	Amount	Percent	Average Rate
	(In thousands)					
Non-interest-bearing demand deposits	$ 121,715	13.65%	—%	$ 114,107	13.49%	—%
Interest-bearing demand deposits	352,366	39.52	1.98	319,829	37.80	1.88
Savings and club accounts	130,139	14.60	0.06	143,881	17.01	0.07
Time deposits	287,320	32.23	3.34	268,205	31.70	3.52
Total	$ 891,540	100.00%		$ 846,022	100.00%	

As of December 31, 2025 and June 30, 2025, the aggregate amount of uninsured deposits (deposits in amounts greater than $250,000, which is the maximum amount for federal deposit insurance) was $172.6 million and $145.3 million, respectively. In addition, as of December 31, 2025 and June 30, 2025, the aggregate amount of all our uninsured certificates of deposit was $31.4 million and $24.9 million, respectively. We have no deposits that are uninsured for any reason other than being in excess of the maximum amount for federal deposit insurance. Uninsured deposits totaling $30.3 million and $31.8 million at December 31, 2025, and June 30, 2025, respectively, of municipalities and local government agencies are protected under a New Jersey supplemental insurance program with collateralized assets.

The following table sets forth the maturity of the uninsured certificates of deposit as of the dates indicated.

	December 31, 2025	June 30, 2025
	(In thousands)	
Maturity Period:		
Three months or less	$ 6,440	$ 8,473
Over three through six months	5,281	6,530
Over six through twelve months	14,226	7,479
Over twelve months	5,410	2,467
Total	$ 31,357	$ 24,949

Comparison of Operating Results for the Three Months Ended December 31, 2025 and 2024

General. Net income decreased $187,000, or 18.3%, to $834,000 for three months ended December 31, 2025 compared to net income of $1.0 million for the three months ended December 31, 2024. Net income for the three months ended December 31, 2025 and 2024 included $202,000 and $791,000, respectively, of net accretion income related to fair value adjustments resulting from the acquisition of Regal Bancorp in September 2023.

Interest Income. Interest income increased $765,000, or 6.6%, to $12.3 million for the three months ended December 31, 2025 from $11.5 million for the three months ended December 31, 2024 due to a $13.4 million increase in the average balance of interest-earning assets and a 24 basis point increase in the yield. The increase resulted from a $857,000, or 8.2%, increase in interest income on loans, partly offset by a $52,000, or 8.9%, decrease in interest income on securities, and a $40,000, or 7.7%, decrease in interest income on interest-bearing deposits at other banks. The increase in interest income on loans was primarily due to a $61.4 million increase in the average balance of loans from $770.6 million for the three months ended December 31, 2024 to $832.0 million for the three months ended December 31, 2025. The decrease in interest income on securities was primarily due to a $14.3 million decrease in the average balance of securities resulting from maturities and repayments, offset by the purchase of a $6.0 million subordinated note. The decrease in interest income on interest-bearing deposits at other banks was due a $33.7 million decrease in the average balance of deposits.

Interest Expense. Interest expense increased $213,000, or 4.9%, to $4.5 million for the three months ended December 31, 2025 from $4.3 million for the three months ended December 31, 2024, due to a $59.6 million increase in the average balance of interest-bearing liabilities partially offset by a seven basis point decrease in the cost. The increase in the average balance was primarily due to an increase of $68.1 million, or 24.0%, in the average balance of interest-bearing demand deposits and a $18.3 million, or 74.3%, increase in the average balance of borrowings for the three months ended December 31, 2025 compared to the three months ended December 31, 2024. The decrease in yield was primarily due to a 49 basis point decrease in the average rate of certificates of deposit, offset by an increase of 20 basis points in the cost of interest-bearing demand deposits to 1.95% for the three months ended December 31, 2025 from 1.75% for the three months ended December 31, 2024, as the Bank offered competitive rates on certain interest-bearing deposit products in the market area.

Net Interest Income. Net interest income increased $552,000, or 7.6%, to $7.8 million for the three months ended December 31, 2025, from $7.2 million for the three months ended December 31, 2024. Net interest rate spread increased 30 basis points to 2.57% for the three months ended December 31, 2025 from 2.27% for the three months ended December 31, 2024. Net interest margin increased 18 basis points to 3.06% for the three months ended December 31, 2025 from 2.88% for the three months ended December 31, 2024. Net interest-earning assets decreased $46.3 million, or 17.4%, to $219.1 million for the three months ended December 31, 2025 from $265.4 million for the three months ended December 31, 2024. The increase in the Company's net interest rate spread and net interest margin were primarily a result of a decrease in the cost of interest-bearing liabilities while the yield on interest-earning assets increased. Net interest income includes loan prepayment penalty fees and amortization and accretion of premiums and discounts from fair value adjustments. For the three months ended December 31, 2025, loan prepayment penalty fees totaled $115,000 compared to $34,000 for the three months ended December 31, 2024. The net interest income impact of amortization and accretion of premiums and discounts from fair value measurements of assets acquired and liabilities assumed due to acquisition totaled $501,000 during the quarter ended December 31, 2025, compared to $1.2 million in the quarter ended December 31, 2024.

Average Balances and Yields

The following tables set forth average balance sheets, average yields and costs, and certain other information for the periods indicated. All average balances are daily average balances. The yields set forth below include the effect of deferred fees, discounts, and premiums that are amortized or accreted to interest income or interest expense. Deferred loan fees totaled $118,000 and $101,000 for the three months ended December 31, 2025 and 2024, respectively.

	Three Months Ended December 31,					
	2025			2024		
	Average Outstanding Balance	Interest	Average Yield/Rate[1]	Average Outstanding Balance	Interest	Average Yield/Rate[1]
	(In thousands)					
Interest-earning assets:						
Loans	$ 832,009	11,295	5.43%	$ 770,559	$ 10,438	5.42%
Securities	139,173	534	1.53%	153,515	586	1.53%
Other	47,472	481	4.05%	81,215	521	2.57%
Total interest-earning assets	1,018,654	12,310	4.83%	1,005,289	11,545	4.59%
Noninterest-earning assets	90,542			47,447		
Total assets	$ 1,109,196			$ 1,052,736		
Interest-bearing liabilities:						
Savings and club accounts	$ 130,999	22	0.07%	$ 154,892	25	0.07%
Interest-bearing demand accounts	351,476	1,717	1.95%	283,412	1,243	1.75%
Certificates of deposit	274,250	2,376	3.47%	277,055	2,743	3.96%
Total interest-bearing deposits	756,725	4,115	2.18%	715,359	4,011	2.24%
Federal Home Loan Bank advances	42,833	404	3.77%	24,577	295	4.80%
Other borrowings	—	—	0.00%	—	—	—
Total interest-bearing liabilities	799,558	4,519	2.26%	739,936	4,306	2.33%
Noninterest-bearing deposits	107,567			105,628		
Other noninterest-bearing liabilities	4,175			17,660		
Total liabilities	911,300			863,224		
Equity	197,896			189,512		
Total liabilities and equity	$ 1,109,196			$ 1,052,736		
Net interest income		7,791			$ 7,239	
Net interest rate spread			2.57%			2.27%
Net interest-earning assets (2)	$ 219,096			$ 265,353		
Net interest margin (3)			3.06%			2.88%
Average interest-earning assets to interest-bearing liabilities	127.40%			135.86%		

(1) Annualized.
(2) Net interest-earning assets represent total interest-earning assets less total interest-bearing liabilities.
(3) Net interest margin represents net interest income divided by average total interest-earning assets.

Rate/Volume Analysis

The following tables present the effects of changing rates and volumes on our net interest income for the periods indicated. The rate column shows the effects attributable to changes in rate (changes in rate multiplied by prior volume). The volume column shows the effects attributable to changes in volume (changes in volume multiplied by prior rate). The total column represents the sum of the prior columns. For purposes of these tables, changes attributable to both rate and volume, which cannot be segregated, have been allocated proportionately based on the changes due to rate and the changes due to volume. There were no out-of-period items or adjustments required to be excluded from the tables below.

	Three Months Ended December 31, 2025 vs. 2024 Increase (Decrease)		
	Volume	Rate	Total Change
	(In thousands)		
Interest-earning assets:			
Loans	$ 832	$ 25	$ 857
Securities	(55)	3	(52)
Other	(216)	176	(40)
Total interest-earning assets	561	204	765
Interest-bearing liabilities:			
Savings and club accounts	(4)	1	(3)
Interest-bearing accounts	299	175	474
Certificates of deposit	(28)	(339)	(367)
Federal Home Loan Bank advances	219	(110)	109
Other borrowings	—	—	—
Total interest-bearing liabilities	486	(273)	213
Change in net interest income	$ 75	$ 477	$ 552

Provision for Credit Losses. The Company establishes provisions for credit losses, which are charged to operations to maintain the allowance for credit losses at a level it considers necessary to absorb probable credit losses attributable to loans that are reasonably estimable at the balance sheet date. In determining the level of the allowance for credit losses, the Company considers, among other factors, past and current loss experience, evaluations of real estate collateral, economic conditions, the type and amount of lending, adverse situations that may affect a borrower's repayment capacity, while adjusting for delinquency trends, classified or criticized loans, and other risk factors. The allowance is developed using reasonable and supportable forecasts and quantitative modeling techniques, combined with qualitative factors to address risks not captured in historical data, including emerging loan products or localized economic changes. Actual losses may vary from such estimates as more information becomes available or conditions change. The Company assesses the allowance for credit losses and records provisions for credit losses in the income statement on a quarterly basis.

The Company recorded a provision for credit losses of $49,000 during the three months ended December 31, 2025 reflecting the loan growth during the period, compared to a provision for credit losses of $12,000 for the three months ended December 31, 2024. The Company had no charge-offs for the three months ended December 31, 2025 or 2024. The Company had one non-performing loan of $176,000 at December 31, 2025 and no non-performing loans at December 31, 2024. The Company's allowance for credit losses as a percentage of total loans was 0.67% at December 31, 2025 compared to 0.65% at December 31, 2024.

Noninterest Income. Noninterest income was as follows:

	Three Months Ended December 31,		Change	
	2025	2024	Amount	Percent
	(In thousands)			
Service charges and fees on deposits	$ 224	$ 256	$ (32)	(12.5)%
Increase in cash surrender value of bank-owned life insurance	268	264	4	1.5%
Fees and service charges on loans	23	37	(14)	(37.8)%
Unrealized (loss) gain on equity securities	(1)	3	(4)	(133.3)%
Realized gain on sale of loans	17	28	(11)	(39.3)%
Other	50	39	11	28.2%
Total noninterest income	$ 581	$ 627	$ (46)	(7.3)%

Noninterest income decreased $46,000, or 7.3%, to $581,000 for the three months ended December 31, 2025 from $627,000 for the three months ended December 31, 2024 primarily due to a decrease in service charges and fees on deposits of $32,000 and a decrease in fees and service charges on loans of $14,000 during the three months ended December 31, 2025 compared to the three months ended December 31, 2024.

***Noninterest Expense*.** Noninterest expense was as follows:

	Three Months Ended December 31,		Change	
	2025	2024	Amount	Percent
	(In thousands)			
Salaries and employee benefits	$ 3,924	$ 3,366	$ 558	16.6%
Occupancy	531	492	39	7.9%
Furniture and equipment	312	285	27	9.5%
Data processing	508	461	47	10.2%
Advertising	112	85	27	31.8%
FDIC premiums	120	120	—	—
Directors fees	101	101	—	—
Professional fees	508	467	41	8.8%
Insurance	117	159	(42)	(26.4)%
Telephone, postage and supplies	167	191	(24)	(12.6)%
Other	835	782	53	6.8%
Total noninterest expense	$ 7,235	$ 6,509	$ 726	11.2%

Noninterest expense increased $726,000, or 11.2%, to $7.2 million for the three months ended December 31, 2025 from $6.5 million for the three months ended December 31, 2024 predominantly due to a $558,000, or 16.6%, increase in salaries and employee benefits expense driven by annual merit increases as well as the recognition of stock-based compensation during the three months ended December 31, 2025 compared to a partial period of such expense during the three months ended December 31, 2024 as the initial expense recognition commenced on November 21, 2024.

Income Tax Expense. The provision for income taxes was $254,000 for the three months ended December 31, 2025 compared to $324,000 for the three months ended December 31, 2024. The Company's effective tax rate was 23.3% for the three months ended December 31, 2025 compared to 24.1% for the three months ended December 31, 2024.

Comparison of Operating Results for the Six Months Ended December 31, 2025 and 2024

General. Net income decreased $861,000, or 36.1%, to $1.5 million for the six months ended December 31, 2025 compared to net income of $2.4 million for the six months ended December 31, 2024. Net income for the six months ended December 31, 2025 and 2024 included $505,000 and $1.8 million, respectively, of net accretion income related to fair value adjustments resulting from the acquisition of Regal Bancorp in September 2023.

Interest Income. Interest income increased $1.2 million, or 5.4%, to $24.2 million for the six months ended December 31, 2025 from $23.0 million for the six months ended December 31, 2024 due to a $12.6 million increase in the average balance of interest-earning assets, and a 19 basis point increase in the yield. The increase resulted from a $1.5 million, or 7.1%, increase in interest income on loans, offset by a $129,000, or 10.3%, decrease in interest income on securities and a $105,000, or 10.1%, decrease in interest income on interest-bearing deposits at other banks. The increase in interest income on loans was due to a $61.1 million increase in the average balance of loans from $759.7 million for the six months ended December 31, 2024 to $820.8 million for the six months ended December 31, 2025, partially offset by a five basis point decrease in the yield on loans. The decrease in interest income on securities was primarily due to a $14.4 million decrease in the average balance of securities resulting from maturities and repayments. The decrease in interest income on interest-bearing deposits at other banks was due to a $34.1 million decrease in the average balance of deposits at other banks.

Interest Expense. Interest expense increased $679,000, or 8.3%, to $8.9 million for the six months ended December 31, 2025 from $8.2 million for the six months ended December 31, 2024, due to a $57.4 million increase in the average balance of interest-bearing liabilities. The increase in the average balance was due to a $20.4 million, or 111.5%, increase in the average balance of borrowings for the six months ended December 31, 2025 compared to the six months ended December 31, 2024, as well as an increase of $64.7 million, or 23.3%, in the average balance of interest-bearing demand deposits. In addition, there was an increase of 35 basis points in the cost of interest-bearing demand deposits to 1.91% for the six months ended December 31, 2025 from 1.56% for the six months ended December 31, 2024 resulting from competitively priced rates offered on certain interest-bearing deposit products in the market area.

Net Interest Income. Net interest income increased $554,000, or 3.7%, to $15.4 million for the six months ended December 31, 2025 from $14.8 million for the six months ended December 31, 2024. Net interest rate spread increased 18 basis points to 2.57% for the six months ended December 31, 2025 from 2.39% for the six months ended December 31, 2024. Net interest margin increased seven basis points to 3.05% for the six months ended December 31, 2025 from 2.98% for the six months ended December 31, 2024. Net interest-earning assets decreased $44.8 million, or 17.0%, to $219.1 million for the six months ended December 31, 2025 from $263.9 million for the six months ended December 31, 2024. The increase in the Company's net interest rate spread and net interest margin were primarily a result of the yield on interest-earning assets increasing at a faster rate than the cost of interest bearing liabilities. Net interest income includes loan prepayment penalty fees and amortization and accretion of premiums and discounts from fair value adjustments. For the six months ended December 31, 2025, loan prepayment penalty fees totaled $124,000 compared to $101,000 for the six months ended December 31, 2024. The net interest income impact of amortization and accretion of premiums and discounts from fair value measurements of assets acquired and liabilities assumed due to acquisition totaled $1.1 million during the six months ended December 31, 2025, compared to $2.6 million in the six months ended December 31, 2024.

Average Balances and Yields

The following tables set forth average balance sheets, average yields and costs, and certain other information for the periods indicated. All average balances are daily average balances. The yields set forth below include the effect of deferred fees, discounts, and premiums that are amortized or accreted to interest income or interest expense. Deferred loan fees totaled $167,000 and $168,000 for the six months ended December 31, 2025 and 2024, respectively.

	Six Months Ended December 31,					
	2025			2024		
	Average Outstanding Balance	Interest	Average Yield/Rate[1]	Average Outstanding Balance	Interest	Average Yield/Rate[1]
	(In thousands)					
Interest-earning assets:						
Loans	$ 820,786	22,191	5.41%	$ 759,697	$ 20,724	5.46%
Securities	140,888	1,118	1.59%	155,314	1,247	1.61%
Other	46,163	936	4.06%	80,258	1,041	2.59%
Total interest-earning assets	1,007,837	24,245	4.81%	995,269	23,012	4.62%
Noninterest-earning assets	91,921			49,726		
Total assets	$ 1,099,758			$ 1,044,995		
Interest-bearing liabilities:						
Savings and club accounts	$ 133,778	41	0.06%	$ 157,776	48	0.06%
Interest-bearing demand accounts	343,041	3,282	1.91%	278,324	2,168	1.56%
Certificates of deposit	273,219	4,752	3.48%	276,995	5,504	3.97%
Total interest-bearing deposits	750,038	8,075	2.15%	713,095	7,720	2.17%
Federal Home Loan Bank advances	38,722	783	4.04%	18,310	459	5.01%
Other borrowings	—	—	0.00%	—	—	—
Total interest-bearing liabilities	788,760	8,858	2.25%	731,405	8,179	2.24%
Noninterest-bearing deposits	107,466			105,038		
Other noninterest-bearing liabilities	9,350			14,997		
Total liabilities	905,576			851,440		
Equity	194,182			193,555		
Total liabilities and equity	$ 1,099,758			$ 1,044,995		
Net interest income		15,387			$ 14,833	
Net interest rate spread			2.57%			2.39%
Net interest-earning assets (2)	$ 219,077			$ 263,864		
Net interest margin (3)			3.05%			2.98%
Average interest-earning assets to interest-bearing liabilities	127.77%			136.08%		

(1) Annualized.
(2) Net interest-earning assets represent total interest-earning assets less total interest-bearing liabilities.
(3) Net interest margin represents net interest income divided by average total interest-earning assets.

Rate/Volume Analysis

The following tables present the effects of changing rates and volumes on our net interest income for the periods indicated. The rate column shows the effects attributable to changes in rate (changes in rate multiplied by prior volume). The volume column shows the effects attributable to changes in volume (changes in volume multiplied by prior rate). The total column represents the sum of the prior columns. For purposes of these tables, changes attributable to both rate and volume, which cannot be segregated, have been allocated proportionately based on the changes due to rate and the changes due to volume. There were no out-of-period items or adjustments required to be excluded from the tables below.

	Six Months Ended December 31, 2025 vs. 2024 Increase (Decrease)		
	Volume	Rate	Total Change
	(In thousands)		
Interest-earning assets:			
Loans	$ 1,666	$ (199)	$ 1,467
Securities	(116)	(13)	(129)
Other	(442)	337	(105)
Total interest-earning assets	1,108	125	1,233
Interest-bearing liabilities:			
Savings and club accounts	(7)	—	(7)
Interest-bearing accounts	504	610	1,114
Certificates of deposit	(75)	(677)	(752)
Federal Home Loan Bank advances	512	(188)	324
Other borrowings	—	—	—
Total interest-bearing liabilities	934	(255)	679
Change in net interest income	$ 174	$ 380	$ 554

Provision for Credit Losses. The Company recorded a provision for credit losses of $221,000 during the six months ended December 31, 2025 reflecting the loan growth during the period, compared to a recovery for credit losses of $142,000 for the six months ended December 31, 2024, which reflected updates made to certain qualitative factors in the calculation of the Company's allowance. The Company had no charge-offs for the six months ended December 31, 2025 or 2024. The Company had one non-performing loan of $176,000 at December 31, 2025 and no non-performing loans at December 31, 2024. The Company's allowance for credit losses as a percentage of total loans was 0.67% at December 31, 2025 compared to 0.65% at December 31, 2024.

Noninterest Income. Noninterest income was as follows:

	Six Months Ended December 31,		Change	
	2025	2024	Amount	Percent
	(In thousands)			
Service charges and fees on deposits	$ 454	$ 552	$ (98)	(17.8)%
Increase in cash surrender value of bank-owned life insurance	533	524	9	1.7%
Fees and service charges on loans	55	93	(38)	(40.9)%
Unrealized (loss) gain on equity securities	(4)	5	(9)	(180.0)%
Realized gain on sale of loans	17	51	(34)	(66.7)%
Other	91	54	37	68.5%
Total noninterest income	$ 1,146	$ 1,279	$ (133)	(10.4)%

Noninterest income decreased $133,000, or 10.4%, to $1.1 million for the six months ended December 31, 2025 from $1.3 million for the six months ended December 31, 2024, primarily due to a decrease in service charges and fees on deposits of $98,000 and a decrease in fees and service charges on loans of $38,000 during the six months ended December 31, 2025 compared to the six months ended December 31, 2024.

Noninterest Expense. Noninterest expense was as follows:

	Six Months Ended December 31,		Change	
	2025	2024	Amount	Percent
	(In thousands)			
Salaries and employee benefits	$ 7,776	$ 6,606	$ 1,170	17.7%
Occupancy	1,067	1,124	(57)	(5.1)%
Furniture and equipment	665	578	87	15.1%
Data processing	1,049	1,089	(40)	(3.7)%
Advertising	242	167	75	44.9%
FDIC premiums	240	240	—	—
Directors fees	198	194	4	2.1%
Professional fees	945	956	(11)	(1.2)%
Insurance	250	318	(68)	(21.4)%
Telephone, postage and supplies	369	372	(3)	(0.8)%
Other	1,528	1,535	(7)	(0.5)%
Total noninterest expense	$ 14,329	$ 13,179	$ 1,150	8.7%

Noninterest expense increased $1.2 million, or 8.7%, to $14.3 million for the six months ended December 31, 2025 from $13.2 million for the six months ended December 31, 2024 predominantly due to a $1.2 million, or 17.7%, increase in salaries and employee benefits expense driven by annual merit increases as well as the recognition of stock-based compensation during the six months ended December 31, 2025 compared to a partial period of expense during the six months ended December 31, 2024 as the initial expense recognition commenced on November 21, 2024. The increase in salaries and employee benefits was partially offset by a decrease of $68,000 in insurance expenses and a decrease of $57,000 in occupancy expenses due to the closure of a retail branch location.

Income Tax Expense. The provision for income taxes was $456,000 for the six months ended December 31, 2025, compared to $687,000 for the six months ended December 31, 2024. The Company's effective tax rate was 23.0% for the six months ended December 31, 2025 compared to 22.3% for the six months ended December 31, 2024 due to the non-deductibility of expenses recognized related to incentive stock options.

Market Risk

General. Our most significant form of market risk is interest rate risk because, as a financial institution, the majority of our assets and liabilities are sensitive to changes in interest rates. Therefore, a principal part of our operations is to manage interest rate risk and limit the exposure of our financial condition and results of operations to changes in market interest rates. Our ALCO/Investment Committee, which consists of members of management, is responsible for evaluating the interest rate risk in our assets and liabilities, for determining the level of risk that is appropriate, given our business strategy, operating environment, capital, liquidity and performance objectives, and for managing this risk consistent with the policy and guidelines approved by our Board of Directors. We currently utilize a third-party modeling program, prepared on a quarterly basis, to evaluate our sensitivity to changing interest rates.

We have sought to manage our interest rate risk in order to minimize the exposure of our earnings and capital to changes in interest rates. We have implemented the following strategies to manage our interest rate risk:

- growing transaction deposit accounts;
- rebalancing our loan portfolio to include higher-yielding, shorter-term commercial real estate loans;
- utilizing our investment securities portfolio as part of our balance sheet asset and liability and interest rate risk management strategy to reduce the impact of movements in interest rates on net interest income and economic value of equity; and
- continuing to price our one-to four-family residential real estate loan products in a way that encourages borrowers to select our adjustable-rate loans as opposed to longer-term, fixed-rate loans.

By following these strategies, we believe that we are better positioned to react to changes in market interest rates.

We generally do not engage in hedging activities, such as engaging in futures or options, or investing in high-risk mortgage derivatives, such as collateralized mortgage obligation residual interests, real estate mortgage investment conduit residual interests or stripped mortgage-backed securities.

Economic Value of Equity. We compute amounts by which the net present value of our cash flow from assets, liabilities and off-balance sheet items (economic value of equity "EVE") would change in the event of a range of assumed changes in market interest rates. We measure potential change in our EVE through the use of a financial model. This model uses a discounted cash flow analysis and an option-based pricing approach to measure the interest rate sensitivity of net portfolio value. A basis point equals one-hundredth of one percent, and 100 basis points equals one percent. An increase in interest rates from 3% to 4% would mean, for example, a 100-basis point increase in the "Basis Point Change in Interest Rates" column below.

The table below sets forth, as of December 31, 2025, the calculation of the estimated changes in our EVE that would result from the designated immediate changes in the United States Treasury yield curve.

	At December 31, 2025		
Change in Interest Rates (basis points)[1]	**Estimated EVE[2]**	**Estimated Increase (Decrease) in EVE**	
		Amount	**Percent**
	(In thousands)		
+400	$ 147,574	$ (69,818)	(32.12)%
+300	167,898	(49,493)	(22.77)%
+200	186,435	(30,956)	(14.24)%
+100	203,068	(14,324)	(6.59)%
—	217,391	—	—
-100	228,169	10,777	4.96%
-200	234,539	17,148	7.89%
-300	237,416	20,024	9.21%
-400	234,222	16,830	7.74%

(1) Assumes an immediate uniform change in interest rates at all maturities.
(2) EVE is the discounted present value of expected cash flows from assets, liabilities and off-balance sheet contracts.

The table above indicates that at December 31, 2025, in the event of an instantaneous parallel 200 basis point increase in interest rates, we would experience a 14.24% decrease in EVE, and in the event of an instantaneous 200 basis point decrease in interest rates, we would experience a 7.89% increase in EVE.

Change in Net Interest Income. The following table sets forth, at December 31, 2025, the calculation of the estimated changes in our net interest income ("NII") that would result from the designated immediate changes in the United States Treasury yield curve.

	At December 31, 2025			
Change in Interest Rates (basis points)[(1)]	Net Interest Income Year 1 Forecast	Year 1 Change From Level	Net Interest Income Year 2 Forecast	Year 2 Change From Level
		(In thousands)		
+400	$ 30,472	$ (3,630)	$ 34,972	$ (1,404)
+300	31,647	(2,456)	35,929	(446)
+200	32,641	(1,462)	36,462	87
+100	33,454	(648)	36,593	218
—	34,102	—	36,375	—
-100	34,004	(98)	34,811	(1,565)
-200	33,608	(494)	32,708	(3,668)
-300	32,888	(1,214)	30,167	(6,209)
-400	31,614	(2,488)	26,896	(9,479)

The table above indicates that at December 31, 2025, we would have experienced a 4.28% decrease in NII in the event of an instantaneous parallel 200 basis point increase in market interest rates and a 1.45% decrease in NII in the event of an instantaneous 200 basis point decrease in market interest rates.

Certain shortcomings are inherent in the methodologies used in the above interest rate risk measurements. Modeling changes require making certain assumptions that may or may not reflect the manner in which actual yields and costs respond to changes in market interest rates. The above table assumes that the composition of our interest sensitive assets and liabilities existing at the date indicated remains constant uniformly across the yield curve regardless of the duration or repricing of specific assets and liabilities. Accordingly, although the table provides an indication of our interest rate risk exposure at a particular point in time, such measurements are not intended to and do not provide a precise forecast of the effect of changes in market interest rates on our NPV and will differ from actual results.

Liquidity and Capital Resources

Liquidity is the ability to fund assets and meet obligations as they come due. Our primary sources of funds consist of deposit inflows, loan and security repayments. In addition, we have the ability to borrow in the wholesale markets or from the Federal Home Loan Bank of New York. While maturities and scheduled amortization of loans and securities are predictable sources of funds, deposit flows and mortgage prepayments are greatly influenced by general interest rates, economic conditions and competition. Our ALCO/Investment Committee is responsible for establishing and monitoring our liquidity targets and strategies in order to ensure that sufficient liquidity exists for meeting the borrowing needs and deposit withdrawals of our customers as well as unanticipated contingencies. We seek to maintain a ratio of liquid assets (including cash and federal funds sold) as a percentage of total deposits ranging between 4% and 15%. At December 31, 2025, this ratio was 9.2%. We believe that we have sufficient sources of liquidity to satisfy our short- and long-term liquidity needs as of December 31, 2025.

We regularly adjust our investments in liquid assets based upon our assessment of:

- expected loan demand;
- expected deposit flows;
- yields available on interest-earning deposits and securities; and
- the objectives of our asset/liability management program.

Excess cash is invested generally in interest-earning deposits and short- and intermediate-term securities.

Our most liquid assets are cash and cash equivalents. The levels of these assets depend on our operating, financing and investing activities during any given period. At December 31, 2025, cash and cash equivalents totaled $81.8 million.

At December 31, 2025, we had $25.1 million in outstanding loan commitments and $43.3 million of unused lines of credit. Certificates of deposit due within one year of December 31, 2025 totaled $244.6 million, or 27.4% of total deposits. If these deposits do not remain with us, we will be required to seek other funding sources, including loan sales, other deposit products, including replacement certificates of deposit, brokered deposits, securities sold under agreements to repurchase (repurchase agreements) or advances from the Federal Home Loan Bank of New York and other borrowing sources. Depending on market conditions, we may be required to pay higher rates on such deposits or other borrowings than we currently pay on the certificates of deposit due on or after December 31, 2026. We believe, however, based on past experience that a significant portion of such deposits will remain with us. We have the ability to attract and retain deposits by adjusting the interest rates offered.

Our cash flows are derived from operating activities, investing activities and financing activities as reported in our Consolidated Statements of Cash Flows included in our Consolidated Financial Statements.

Our primary investing activities are originating and purchasing loans and purchasing mortgage-backed securities. During the six months ended December 31, 2025, we originated $63.6 million of loans and purchased $15.7 million. During the six months ended December 31, 2025, we purchased a $6.0 million fixed-to-floating rate subordinated note from another financial institution classified as a security held-to-maturity.

Financing activities consist primarily of activity in deposit accounts, borrowings and repurchases of common stock. Deposits increased $45.5 million, or 5.4%, to $891.5 million at December 31, 2025 from $846.0 million at June 30, 2025 due primarily to increases in interest-bearing deposit accounts resulting from the Bank having raised rates on time deposit accounts in an effort to remain competitive in the market area, offset in part by decreases in non-maturity savings accounts.

We had outstanding borrowings of $50.0 million as of December 31, 2025 and $30.0 million as of June 30, 2025.

Somerset Regal Bank is subject to various regulatory capital requirements, including a risk-based capital measure. The risk-based capital guidelines include both a definition of capital and a framework for calculating risk-weighted assets by assigning balance sheet assets and off-balance sheet items to broad risk categories. At December 31, 2025, Somerset Regal Bank exceeded all regulatory capital requirements. Somerset Regal Bank is considered “well capitalized” under regulatory guidelines. See Note 12 of the Notes to the Consolidated Financial Statements.

Recent Accounting Pronouncements

For a discussion of the impact of recent accounting pronouncements, see Note 1 of the Notes to the Consolidated Financial Statements.

Impact of Inflation and Changing Prices

Our Consolidated Financial Statements and related notes have been prepared in accordance with GAAP. GAAP generally requires the measurement of financial position and operating results in terms of historical dollars without consideration for changes in the relative purchasing power of money over time due to inflation. The impact of inflation is reflected in the increased cost of our operations. Unlike industrial companies, our assets and liabilities are primarily monetary in nature. As a result, changes in market interest rates have a greater impact on our performance than the effects of inflation.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

For information regarding material risk, see “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operation—Market Risk.”

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Management is responsible for the disclosure controls and procedures of the Company. Disclosure controls and procedures are controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods required by the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be so disclosed by an issuer is accumulated and communicated to the issuer’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. As of the end of the period covered by this report, an evaluation was performed under the supervision and with the participation of the Company’s management, including the Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial and Accounting Officer), of the effectiveness of the design and operation of the Corporation’s disclosure controls and procedures. Based on that evaluation, expect as discussed below, the Company's Chief Executive Officer and the Chief Financial Officer concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective for the purpose of ensuring that the information required to be disclosed in the reports that the Company files or submits under the Exchange Act with the SEC is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and is accumulated and communicated to the Company’s management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure.

Previously Identified Material Weakness

As reported in our Annual Report on Form 10-K filed with the SEC on September 29, 2025, we identified a material weakness in internal controls related to the untimely recognition of income from life insurance contracts resulting from the death of a former employee. The identified material weakness resulted in a material misstatement in the Company’s consolidated financial statements for the year ended June 30, 2025. We have implemented remedial changes to improve our internal control over financial reporting as described below.

Remediation Plan

Since identifying the material weakness, management, under the oversight of the Audit Committee, has instituted a new reconciliation control to address the above control deficiency. The deficiency originated from differences in the contract balances reported by our bank-owned life insurance (“BOLI”) administrator as compared to the underlying insurance carriers. The new control requires that in the event of a death of an individual insured by any active BOLI policies, management will obtain the death benefit information for which it is contractually entitled to receive from the insurance carriers and reconcile such information to the BOLI administrator records. All required entries will be recorded in the period in which the death occurred. Management believes the foregoing efforts will effectively remediate the material weakness. As management continues to evaluate and work to improve its internal control over financial reporting, management may determine to take additional measures to address control deficiencies or determine to modify the remediation plan described above.

Changes in Internal Control over Financial Reporting

Other than as noted above, there were no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f)) during the quarter ended December 31, 2025 that materially affected, or are reasonably likely to materially affect, the Corporation’s internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

Periodically, there have been various claims and lawsuits against us, such as claims to enforce liens, condemnation proceedings on properties in which we hold security interests, claims involving the making and servicing of real property loans and other issues incident to our business. We are not a party to any pending legal proceedings that we believe would have a material adverse effect on our financial condition, results of operations or cash flows.

Item 1A. Risk Factors.

There have been no material changes in risk factors applicable to the Company from those disclosed in "Risk Factors" in Item 1A of the Company's Annual Report on Form 10-K for the year ended June 30, 2025.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

The Company did not have any unregistered sales of equity securities during the three months ended December 31, 2025. The table below summarizes the number of shares of the Company's common stock that were repurchased during the three months ended December 31, 2025.

	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Shares Purchased as Part of Publicly Announced Program (1)	Maximum Number of Shares that May Yet Be Purchased Under the Program (1)
October 1 - October 31, 2025	123,710	$ 14.74	123,710	577,919
November 1 - November 30, 2025	52,090	15.04	52,090	525,829
December 1 - December 31, 2025	91,592	16.43	91,592	434,237
Three months ended December 31, 2025	267,392		267,392	

(1) On July 8, 2025, the Company's Board of Directors approved the repurchase of 886,137 shares, or approximately 10.0% of the Company's common stock outstanding. The stock repurchase plan has a one-year expiration term, and the Board of Directors has the right to suspend or discontinue the plan at any time.

Item 3. Defaults Upon Senior Securities.

Not applicable

Item 4. Mine Safety Disclosures.

Not applicable

Item 5. Other Information.

Securities Trading Plans of Directors and Executive Officers

During the three months ended December 31, 2025, none of our directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of the Corporation's securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement.

Item 6. Exhibits.

Exhibit Number	Description
3.1	Amended and Restated Articles of Incorporation of SR Bancorp, Inc. (Incorporated by reference to the Registrant's Registration Statement on Form S-1/A (File No. 333-270489) as filed on July 10, 2023)
3.2	Amended and Restated Bylaws of SR Bancorp, Inc. (Incorporated by reference to the Registrant's Annual Report on Form 10-K (File No. 001-41808) filed on September 28, 2023)
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SR Bancorp, Inc.

Date: February 13, 2026

By: /s/ Christopher J. Pribula
Christopher J. Pribula
President and Chief Executive Officer

Date: February 13, 2026

By: /s/ Harris M. Faqueri
Harris M. Faqueri
Senior Vice President and
Chief Financial Officer

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Christopher J. Pribula, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of SR Bancorp, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 13, 2026

By: /s/ Christopher J. Pribula
Christopher J. Pribula
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Harris M. Faqueri, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of SR Bancorp, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 13, 2026

By: /s/ Harris M. Faqueri
Harris M. Faqueri
Senior Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of SR Bancorp, Inc. (the "Company") on Form 10-Q for the period ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: February 13, 2026

By: /s/ Christopher J. Pribula
Christopher J. Pribula
President and Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of SR Bancorp, Inc. (the "Company") on Form 10-Q for the period ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: February 13, 2026

By: /s/ Harris M. Faqueri
Harris M. Faqueri
Senior Vice President and Chief Financial Officer